NEW ISSUE – BOOK-ENTRY ONLY

RATING: S&P: BBB+
(See "RATING" herein.)

In the opinion of Best Best & Krieger LLP, San Diego, California, Bond Counsel, subject, however, to certain qualifications described herein, under existing law, the interest on the 2012 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "LEGAL MATTERS – Tax Exemption" herein.

$38,940,000
POWAY UNIFIED SCHOOL DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 6 (4S RANCH)
SPECIAL TAX BONDS, SERIES 2012

Dated: Date of Delivery | Due: September 1, as shown below

The Poway Unified School District Community Facilities District No. 6 (4S Ranch) Special Tax Bonds, Series 2012 (the "2012 Bonds") are being issued under the Mello-Roos Community Facilities Act of 1982 (the "Act") and the Bond Indenture, dated as of August 1, 2002 (the "Original Indenture"), by and between the Community Facilities District No. 6 (4S Ranch) of the Poway Unified School District (the "Community Facilities District") and Zions First National Bank, successor to State Street Bank and Trust Company of California, N.A., as fiscal agent (the "Fiscal Agent"), as amended and supplemented by the First Supplemental Indenture, dated as of November 1, 2005, by and between the Community Facilities District and the Fiscal Agent (the "First Supplemental Indenture"), as amended and supplemented by the Second Supplemental Indenture, dated as of June 1, 2007, by and between the Community Facilities District and the Fiscal Agent (the "Second Supplemental Indenture"), as amended and supplemented by the Third Supplemental Indenture, dated as of October 1, 2010, by and between the Community Facilities District and the Fiscal Agent (the "Third Supplemental Indenture"), and as amended and supplemented by the Fourth Supplemental Indenture, dated as of May 1, 2012, by and between the Community Facilities District and the Fiscal Agent (the "Fourth Supplemental Indenture" and together with the Original Indenture, the First Supplemental Indenture, the Second Supplemental Indenture and the Third Supplemental Indenture, the "Indenture").

The 2012 Bonds are being issued (i) to fund the defeasance and redemption of the Community Facilities District No. 6 (4S Ranch) Special Tax Bonds, Series 2002 (the "2002 Bonds"), (ii) to finance, either directly or indirectly, the planning, design and construction of certain school facilities (the "School Facilities"), (iii) to pay the costs of issuing the 2012 Bonds and (iv) to fund the amount necessary to increase the amount on deposit in the Reserve Fund to the Reserve Requirement applicable upon issuance of the 2012 Bonds. Upon issuance of the 2012 Bonds, the Reserve Fund will be funded with cash in an amount equal to the Reserve Requirement. See "ESTIMATED SOURCES AND USES OF FUNDS" and "SCHOOL FACILITIES TO BE FINANCED WITH PROCEEDS OF THE 2012 BONDS" herein.

Upon defeasance of the 2002 Bonds through the issuance of the 2012 Bonds, the 2012 Bonds will be issued on a parity with the Community Facilities District No. 6 (4S Ranch) Special Tax Bonds, Series 2005 (the "2005 Bonds"), the Community Facilities District No. 6 (4S Ranch) Special Tax Bonds, Series 2007 (the "2007 Bonds") and the Community Facilities District No. 6 (4S Ranch) Special Tax Bonds, Series 2010 (the "2010 Bonds"), and any additional parity bonds issued under the remaining bond authorization or for refunding purposes under the Indenture.

Interest on the 2012 Bonds is payable on September 1, 2012, and semiannually thereafter on each March 1 and September 1. The 2012 Bonds will be issued in denominations of $5,000 or integral multiples thereof. The 2012 Bonds, when delivered, will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the 2012 Bonds as described herein under "THE 2012 BONDS – Book-Entry and DTC."

The 2012 Bonds are subject to optional redemption, mandatory redemption from prepayment of Special Taxes and mandatory redemption as described herein.

THE 2012 BONDS, THE INTEREST THEREON, AND ANY PREMIUMS PAYABLE ON THE REDEMPTION OF ANY OF THE 2012 BONDS, ARE NOT AN INDEBTEDNESS OF THE POWAY UNIFIED SCHOOL DISTRICT (THE "SCHOOL DISTRICT"), THE STATE OF CALIFORNIA (THE "STATE") OR ANY OF ITS POLITICAL SUBDIVISIONS, AND NEITHER THE SCHOOL DISTRICT, THE COMMUNITY FACILITIES DISTRICT (EXCEPT TO THE LIMITED EXTENT DESCRIBED HEREIN), THE STATE NOR ANY OF ITS POLITICAL SUBDIVISIONS IS LIABLE ON THE 2012 BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE SCHOOL DISTRICT, THE COMMUNITY FACILITIES DISTRICT (EXCEPT TO THE LIMITED EXTENT DESCRIBED HEREIN) OR THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE 2012 BONDS. OTHER THAN SPECIAL TAXES (AS DEFINED IN THE INDENTURE) OF THE COMMUNITY FACILITIES DISTRICT, NO TAXES ARE PLEDGED TO THE PAYMENT OF THE 2012 BONDS. THE 2012 BONDS ARE NOT A GENERAL OBLIGATION OF THE COMMUNITY FACILITIES DISTRICT, BUT ARE LIMITED OBLIGATIONS OF THE COMMUNITY FACILITIES DISTRICT PAYABLE SOLELY FROM THE SPECIAL TAXES LEVIED, AS MORE FULLY DESCRIBED HEREIN.

This cover page contains certain information for general reference only. It is not a summary of the issue. Potential investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Investment in the 2012 Bonds involves risks which may not be appropriate for some investors. See "BONDOWNERS' RISKS" herein for a discussion of risk factors that should be considered in evaluating the investment quality of the 2012 Bonds.

The 2012 Bonds are offered when, as and if issued and accepted by the Underwriter, subject to the approval as to their legality by Best Best & Krieger LLP, San Diego, California, Bond Counsel, and subject to certain other conditions. Certain legal matters will be passed on for the School District and the Community Facilities District by Best Best & Krieger LLP and by McFarlin & Anderson LLP, Laguna Hills, California, Disclosure Counsel. Additionally, Nossaman LLP, Irvine, California, has reviewed certain matters for the Underwriter. It is anticipated that the 2012 Bonds, in book-entry form, will be available for delivery through the facilities of DTC on or about June 7, 2012.

STONE & YOUNGBERG
A DIVISION OF STIFEL NICOLAUS

Dated: May 17, 2012

MATURITY SCHEDULE

$38,940,000
POWAY UNIFIED SCHOOL DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 6 (4S RANCH)
SPECIAL TAX BONDS, SERIES 2012

Base CUSIP® No. 738855†

Maturity (September 1)	Principal Amount	Interest Rate	Yield	CUSIP® No.†	Maturity (September 1)	Principal Amount	Interest Rate	Yield	CUSIP® No.†
2013	$810,000	2.000%	1.000%	UW3	2023	$1,600,000	5.000%	3.650%	VG7
2014	860,000	3.000	1.350	UX1	2024	1,715,000	5.000	3.780	VH5
2015	910,000	3.000	1.650	UY9	2025	1,840,000	5.000	3.900	VJ1
2016	965,000	4.000	1.910	UZ6	2026	1,975,000	5.000	4.000	VK8
2017	1,040,000	4.000	2.180	VA0	2027	2,110,000	5.000	4.080	VL6
2018	1,115,000	4.000	2.440	VB8	2028	2,255,000	5.000	4.140	VM4
2019	1,195,000	5.000	2.700	VC6	2029	2,415,000	5.000	4.210	VN2
2020	1,285,000	5.000	2.970	VD4	2030	2,570,000	5.000	4.270	VP7
2021	1,390,000	5.000	3.200	VE2	2031	2,745,000	5.000	4.330	VQ5
2022	1,485,000	5.000	3.420	VF9					

$5,550,000 5.000% Term Bonds due September 1, 2033 Yield 4.390% CUSIP† No. 738855VS1
$3,110,000 5.000% Term Bonds due September 1, 2036 Yield 4.550% CUSIP† No. 738855VV4

POWAY UNIFIED SCHOOL DISTRICT

BOARD OF EDUCATION

Linda Vanderveen, *President*
Andy Patapow, *Vice President*
Marc Davis, *Clerk of the Board*
Todd Gutschow, *Member*
Penny Ranftle, *Member*

SUPERINTENDENT

John P. Collins, Ed.D, *Superintendent*

BOND COUNSEL/DISTRICT SPECIAL COUNSEL

Best Best & Krieger LLP
San Diego, California

SCHOOL DISTRICT COUNSEL

Best Best & Krieger LLP
San Diego, California

DISCLOSURE COUNSEL

McFarlin & Anderson LLP
Laguna Hills, California

APPRAISER

Stephen G. White, MAI
Fullerton, California

MORTGAGE CONSULTANT

Empire Economics, Inc.
Capistrano Beach, California

FINANCIAL ADVISOR, SPECIAL TAX CONSULTANT & ADMINISTRATOR

Dolinka Group, LLC
Irvine, California

FISCAL AGENT AND ESCROW AGENT

Zions First National Bank
Los Angeles, California

VERIFICATION AGENT

Grant Thornton
Minneapolis, Minnesota

GENERAL INFORMATION ABOUT THE OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the offer and sale of the 2012 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract with the purchasers of the 2012 Bonds. All information for investors regarding the Community Facilities District and the 2012 Bonds is contained in this Official Statement. While the School District maintains an internet website for various purposes, none of the information on this website is intended to assist investors in making any investment decision or to provide any continuing information with respect to the 2012 Bonds or any other bonds or obligations of the School District

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the Community Facilities District in any press release and in any oral statement made with the approval of an authorized officer of the Community Facilities District or any other entity described or referenced herein, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend," and similar expressions identify "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results and those differences may be material. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the Community Facilities District or any other entity described or referenced herein since the date hereof. The Community Facilities District does not plan to issue any updates or revision to the forward-looking statements set forth in this Official Statement.

Limited Offering. No dealer, broker, salesperson or other person has been authorized by the Community Facilities District to give any information or to make any representations in connection with the offer or sale of the 2012 Bonds other than those contained herein and if given or made, such other information or representation must not be relied upon as having been authorized by the Community Facilities District or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the 2012 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Involvement of Underwriter. The Underwriter has submitted the following statement for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Community Facilities District or any other entity described or referenced herein since the date hereof. All summaries of the documents referred to in this Official Statement are made subject to the provisions of such documents, respectively, and do not purport to be complete statements of any or all of such provisions.

Stabilization of Prices. In connection with this offering, the Underwriter may overallot or effect transactions which stabilize or maintain the market price of the 2012 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the 2012 Bonds to certain dealers and others at prices lower than the public offering prices set forth on the inside cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

THE 2012 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS CONTAINED IN SUCH ACT. THE 2012 BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

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Poway Unified School District

(San Diego County, California)

Regional Location Map

POWAY UNIFIED SCHOOL DISTRICT

Community Facilities District No. 6 (4S Ranch)

Air Views 02/29/12 (boundaries shown are approximate)

OFFICIAL STATEMENT

$38,940,000
POWAY UNIFIED SCHOOL DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 6 (4S RANCH)
SPECIAL TAX BONDS, SERIES 2012

INTRODUCTION

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the 2012 Bonds to potential investors is made only by means of the entire Official Statement.

General

This Official Statement, including the cover page and appendices hereto, is provided to furnish information regarding the Poway Unified School District Community Facilities District No. 6 (4S Ranch) Special Tax Bonds, Series 2012 (the "2012 Bonds").

The 2012 Bonds are issued pursuant to the Act (as defined below) and the Bond Indenture, dated as of August 1, 2002 (the "Original Indenture"), by and between Community Facilities District No. 6 (4S Ranch) of the Poway Unified School District (the "Community Facilities District") and Zions First National Bank, successor to State Street Bank and Trust Company of California, N.A., as fiscal agent (the "Fiscal Agent"), as amended and supplemented by the First Supplemental Indenture, dated as of November 1, 2005, by and between the Community Facilities District and the Fiscal Agent (the "First Supplemental Indenture"), as amended and supplemented by the Second Supplemental Indenture, dated as of June 1, 2007, by and between the Community Facilities District and the Fiscal Agent (the "Second Supplemental Indenture"), as amended and supplemented by the Third Supplemental Indenture, dated as of October 1, 2010, by and between the Community Facilities District and the Fiscal Agent (the "Third Supplemental Indenture," and as amended and supplemented by the Fourth Supplemental Indenture, dated as of May 1, 2012, by and between the Community Facilities District and the Fiscal Agent (the "Fourth Supplemental Indenture"), and together with the Original Indenture, the First Supplemental Indenture, the Second Supplemental Indenture and the Third Supplemental Indenture, the "Indenture"). See "THE 2012 BONDS – Authority of Issuance" herein. The Community Facilities District has issued $25,000,000 aggregate principal amount of Community Facilities District No. 6 (4S Ranch) Special Tax Bonds, Series 2002 (the "2002 Bonds") on October 10, 2002, of which $23,815,000 were outstanding as of May 1, 2012, and all of which are being refunded and defeased through the issuance of the 2012 Bonds, $44,305,000 aggregate principal amount of the Community Facilities District No. 6 (4S Ranch) Special Tax Bonds, Series 2005 (the "2005 Bonds") on November 22, 2005, of which $43,435,000 were outstanding as of May 1, 2012, $37,910,000 aggregate principal amount of the Community Facilities District No. 6 (4S Ranch) Special Tax Bonds, Series 2007 (the "2007 Bonds") on July 26, 2007, of which $36,995,000 were outstanding as of May 1, 2012, and $5,775,000 aggregate principal amount of the Community Facilities District No. 6 (4S Ranch) Special Tax Bonds, Series 2010 (the "2010 Bonds") on October 27, 2010, of which $5,160,000 were outstanding as of May 1, 2012, pursuant to the provisions of the Indenture. The Community Facilities District may issue additional parity bonds under the remaining bond authorization or for refunding purposes payable on a parity with the 2005 Bonds, 2007 Bonds, 2010 Bonds and 2012 Bonds. The 2005 Bonds, 2007 Bonds, 2010 Bonds, 2012 Bonds and any parity bonds issued under the Indenture are referred to herein as the "Bonds." See "SECURITY FOR THE 2012 BONDS – Parity Bonds."

The School District

The Poway Unified School District (the "School District") is a school district organized under the laws of the State of California (the "State"). The School District was established in 1962. The School District provides education instruction for grades K-12 within an approximately 100 mile area in the central portion of the County of San Diego (the "County") and includes the City of Poway and portions of the City of San Diego and the County, including the communities of 4S Ranch, Black Mountain Ranch, Carmel Mountain Ranch, Del Sur, Rancho Bernardo, Rancho Peñasquitos, Sabre Springs, Santa Fe Valley, Santaluz and Torrey Highlands. The School District currently operates 25 elementary schools (K-5), six middle schools (6-8), five high schools (9-12) and one continuation high school. The School District reported 34,135 students enrolled at the California Basic Educational Data System ("CBEDS") for Fiscal Year 2010-11, 34,569 students enrolled at the California Basic Educational Data System for Fiscal Year 2011-12 and estimates approximately 34,748 of students enrolled during Fiscal Year 2012-13. See APPENDIX A – "General Information About the Poway Unified School District" herein.

The Community Facilities District

The Community Facilities District was formed and established by the School District on March 24, 1998 pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 *et seq.* of the California Government Code, the "Act"), following a public hearing. At a landowner election held on March 24, 1998 the qualified electors of the Community Facilities District, by more than a two-thirds vote, authorized the Community Facilities District to incur a bonded indebtedness of the Community Facilities District to finance the acquisition and construction of certain school facilities (the "School Facilities") and approved the levy of special taxes. The qualified electors of the Community Facilities District authorized bonded indebtedness in the aggregate not-to-exceed principal amount of $130,000,000 and approved the levy of annual special taxes (the "Special Taxes") in the Community Facilities District pursuant to a rate and method of apportionment (the "Rate and Method"). The Community Facilities District may issue additional bonds totaling up to $1,145,000 payable on a parity with the 2005 Bonds, 2007 Bonds, 2010 Bonds and 2012 Bonds.

Once duly established, a community facilities district is a legally constituted governmental entity established for the purpose of financing specific facilities and services within defined boundaries. Subject to approval by a two-thirds vote of the qualified voters within a community facilities district or improvement area therein, as applicable, and compliance with the provisions of the Act, a community facilities district may issue bonds and may levy and collect special taxes to repay such bonded indebtedness, including interest thereon.

In 2002, the owners of property within portions of the Community Facilities District requested the School District to form three separate improvement areas (each an "Improvement Area") within a portion of the Community Facilities District and to authorize the issuance of bonds to finance road, water, sewer, drainage, fire station, park and public library improvements and additional school facilities (the "Infrastructure Improvements") in the aggregate principal amount of approximately $62,000,000, such amount to be payable from special taxes levied pursuant to a separate rate and method of apportionment of special tax with respect to each Improvement Area within the Community Facilities District. The allocation of such authorization among Improvement Area A, Improvement Area B and Improvement Area C, and the amount of Improvement Area Bonds (referred to hereafter as "Improvement Area A Bonds," "Improvement Area B Bonds" and "Improvement Area C Bonds") issued as of the date hereof is as follows:

Bonds	Authorized Aggregate Principal Amount	Issued Aggregate Principal Amount	Date of Issuance
Improvement Area A Bonds	$18,000,000	$18,000,000	December 19, 2002
Improvement Area B Bonds	30,000,000	30,000,000	November 22, 2005
Improvement Area C Bonds	14,000,000	0[1]	N/A[1]
Total	$62,000,000	$48,000,000[1]	

1. The Community Facilities District expects to issue Improvement Area C Bonds later in 2012.

With respect to the $130,000,000 of bonds authorized to be issued by the Community Facilities District, the Community Facilities District has previously issued its 2002 Bonds, 2005 Bonds, 2007 Bonds, 2010 Bonds and intends to issue the 2012 Bonds in the amounts and on the date set forth below:

Bonds	Issued Aggregate Principal Amount	Date of Issuance	Aggregate Amount Outstanding as of Issuance of the 2012 Bonds
2002 Bonds	$25,000,000	October 10, 2002	N/A[1]
2005 Bonds	44,305,000	November 22, 2005	$43,435,000
2007 Bonds	37,910,000	July 26, 2007	36,995,000
2010 Bonds	5,775,000	October 27, 2010	5,160,000
2012 Bonds	38,940,000[1]	June 7, 2012	38,940,000[1]
Total[1]			$124,530,000

1. The 2002 Bonds are being defeased on September 1, 2012, through the issuance of the 2012 Bonds and the Community Facilities District is issuing $15,865,000 of the remaining $17,010,000 of its bond authorization.

The Community Facilities District levies a separate special tax pursuant to the applicable Community Facilities District and levies a separate special tax pursuant to the Improvement Area A Rate and Method of Apportionment of Special Tax, Improvement Area B Rate and Method of Apportionment of Special Tax and Improvement Area C Rate and Method of Apportionment of Special Tax. No cross-collateralization exists between bonds of the Community Facilities District (i.e., the 2005 Bonds, the 2007 Bonds, the 2010 Bonds and the 2012 Bonds) and bonds with respect to Improvement Area A, Improvement Area B and Improvement Area C. The Community Facilities District levies a special tax pursuant to the Community Facilities District Rate and Method of Apportionment of Special Tax for the 2005 Bonds, the 2007 Bonds, the 2010 Bonds and the 2012 Bonds. See "SECURITY FOR THE 2012 BONDS – Rate and Method."

The cost of the School Facilities funded by the Community Facilities District is expected to exceed the cost of the Infrastructure Improvements funded by the Improvement Areas. The School Facilities will be financed through the levy of an annual Special Tax on Developed Property (and Undeveloped Property if necessary) as set forth in the Community Facilities District Rate and Method. In Fiscal Year 2012-13 Special Taxes on Developed Property in the Community Facilities District are estimated to be sufficient to pay debt service on the 2005 Bonds, the 2007 Bonds, the 2010 Bonds and the 2012 Bonds. The School District will use such Special Taxes and a portion of the proceeds of the 2012 Bonds and any Parity Bonds for the construction, rehabilitation and improvement of the School Facilities. The 2012 Bonds are secured by or payable from the Special Tax levied to finance the School Facilities. The 2012 Bonds will only finance School Facilities and will not finance Infrastructure Improvements. The 2012 Bonds will not be secured by or payable from the special tax pursuant to the Improvement Area A Rate and Method of Apportionment of Special Tax, Improvement Area B Rate and Method of

Apportionment of Special Tax and Improvement Area C Rate and Method authorized to be levied to finance the Infrastructure Improvements.

The Community Facilities District is contiguous. Neighborhoods One and Two being located south of Camino Del Norte and on both sides of 4S Ranch Parkway, and Neighborhoods Three and Four being located north of Camino Del Norte in the northern unincorporated portion of the County, just under two miles west of the 15 Freeway. This location is almost totally developed. The Community Facilities District lies within the area of the new master-planned community known as "4S Ranch" and is part of the specific plan area known as "4S Ranch." The Community Facilities District is an extension of the on-going development of the community of Rancho Bernardo. The Community Facilities District is comprised of approximately 2,888 gross acres (approximately 500 net acres) proposed for over 4,000 residential units. As of January 1, 2012, approximately 3,727 residential units were classified as Developed Property, of which 2,964 are single-family detached units and 763 are single-family attached units. In addition, approximately 141 units are affordable dwelling units (120 in Neighborhood One and 21 in Neighborhood Four), which affordable units ("Affordable Units") are not subject to the levy of the Special Tax. (Subsequent to January 1, 2012, an additional ten building permits have been issued in the Community Facilities District and such parcels will be subject to the levy of Special Taxes in Fiscal Year 2012-13.) See "COMMUNITY FACILITIES DISTRICT NO. 6 (4S RANCH) – General Information" herein. The area consists of rolling terrain with slopes and knolls. Within the Community Facilities District approximately 1,600 acres is designated as natural open space and an additional approximately 195 acres is designated as managed open space for brush management and major internal slopes.

The property within the Community Facilities District is being developed in phases, which are referred to as Neighborhoods One, Two, Three and Four. A mixed use district in the central portion of the Community Facilities District is referred to in the master development plan as being part of Neighborhood Four. As described below, sales to merchant builders commenced in Neighborhood One in 2000, in Neighborhood Two in 2002, in Neighborhood Three in 2004 and in Neighborhood Four in 2008. Residential land within Neighborhood Four is currently under development. There is also a 53-acre mixed-use district called 4S Commons Town Center that includes tenants such as World Market, Ralph's, Bed Bath & Beyond, CVS Pharmacy, Ace Hardware, Pet People, Wells Fargo Bank, Bank of America, Chase Bank and various other stores and restaurants. In addition, there is a nearby L.A. Fitness and a separate and smaller commercial center called 4S Ranch Village that includes Union Bank, Starbucks, Subway, a Chevron gas station with car wash, Fresh and Easy and various other stores. A medical center is under construction on the former 4S Welcome Center site. The commercial properties are not subject to the levy of the Special Tax.

The property within the Community Facilities District was primarily owned by 4S Kelwood General Partnership, a California general partnership ("4S Kelwood"). 4S Kelwood has acted as the master developer with portions sold from time to time to merchant builders which then construct homes and sell to individual homeowners. It is expected that approximately 467 net acres originally owned by 4S Kelwood of the approximately 500 net acres in the Community Facilities District proposed for residential development will be subject to the Special Tax. (In addition, there are approximately 14 acres adjacent to Neighborhood Four which are within the Community Facilities District which are owned by another landowner, California West Communities LLC, that will be developed with approximately 25 Detached Units.) At build-out, the Community Facilities District is expected to be comprised of over 4,000 residential units and some commercial and industrial property and school sites. In addition to the approximately 763 Attached Units subject to the Special Tax levy, there are approximately 519 units which are a portion of a 540-unit apartment complex completed on a site zoned for commercial use in a part of a mixed use district which is separate from the four neighborhoods. The apartment complex has been completed and the owner prepaid the Special Taxes for those units which were not Affordable Units. The remaining units in the apartment complex are the 21 Affordable Units mentioned above. Finally, there are 120 Affordable Units completed in Neighborhood One which are not subject to the Special Tax levy.

Annual Special Taxes will be levied on Taxable Property for the acquisition and construction of elementary, middle, and high school facilities, including classrooms, multi-purpose, administration and auxiliary space at each school, central support and administrative facilities, interim housing, transportation and special education facilities, together with furniture, equipment and related expenses. There is also a One-Time Special Tax to be levied on the date a building permit is issued for the construction of a structure other than a residential structure for such purposes. This One-Time Special Tax is not pledged to payment of the Bonds.

Based on estimated aggregated debt service on the 2005 Bonds, the 2007 Bonds, the 2010 Bonds and the 2012 Bonds and Administrative Expenses which are approximately $48,759.78 for the bond year ending September 1, 2013, it is estimated that 3,727 building permits issued prior to January 1, 2012 (the cutoff date for Developed Property pursuant to the Rate and Method), are sufficient for the Fiscal Year 2012-13 Special Tax levy to be on Developed Property only, with no levy on Undeveloped Property. A portion of the Developed Property levy will relate to 19 homes owned by merchant builders and a portion of the levy relates to 48 lots for which building permits were issued as of January 1, 2012, 13 of which had homes under construction as of March 1, 2012, the date of value of the Assessed Value Analysis and Summary Appraisal Report (as defined below). See "COMMUNITY FACILITIES DISTRICT NO. 6 (4S RANCH)" for a description of the Community Facilities District and the development within the Community Facilities District.

The Assessed Value Analysis and Summary Appraisal Report reviews assessed values or appraised values as of March 1, 2012, of 3,737 residential units (approximately 2,974 Detached Units and 763 Attached Units (and excluding 120 Affordable Units, completed in Neighborhood One which are not subject to the Special Tax levy). This includes completed-sold homes (closed sales from a merchant builder to a homeowner – 3,663 homes), completed-unsold homes (still owned by a merchant builder – 10 model homes and 16 production homes), homes under construction (13 production homes), and 35 vacant lots for which building permits had been issued.

Various merchant builders are, or have been, involved in development within the Community Facilities District. Such merchant builders are each individually referred to as a "Merchant Builder" and collectively referred to as the "Merchant Builders." Detailed information about the location of and property ownership and land uses in the Community Facilities District is set forth in "COMMUNITY FACILITIES DISTRICT NO. 6 (4S RANCH)" herein.

Purpose of the 2012 Bonds

The Community Facilities District was formed pursuant to a School Impact Mitigation Agreement, dated as of February 1, 1998, among the School District, 4S Kelwood General Partnership, a California General Partnership, 4S Ranch Company, a California limited partnership and 4S Ranch Company 600, L.P., a California limited partnership (the "Impact Mitigation Agreement"). The Impact Mitigation Agreement originally required the property owners (and their successors-in-interest) to include their property in a community facilities district in order to finance School Facilities and was amended by a supplement to the Impact Mitigation Agreement, dated June 17, 2002, to, among other things, provide for the issuance of bonds of the Improvement Areas to fund Improvement Area Facilities. See "FINANCING PLAN – School Facilities," "SECURITY FOR THE 2012 BONDS – Rate and Method – *Community Facilities District Rate and Method*" and "COMMUNITY FACILITIES DISTRICT NO. 6 (4S RANCH)" herein.

The 2012 Bonds are being issued (i) to fund the defeasance and redemption of the 2002 Bonds, (ii) to finance, either directly or indirectly, the planning, design and construction the School Facilities, (iii) to pay the costs of issuing the 2012 Bonds and (iv) to fund the amount necessary to increase the amount on deposit in the Reserve Fund to the Reserve Requirement applicable upon issuance of the 2012 Bonds. See "FINANCING PLAN" below.

Sources of Payment for the 2012 Bonds

The 2012 Bonds are secured by and payable from a first pledge of "Net Special Tax Revenues," which is defined in the Indenture as proceeds of the Special Taxes levied and received by the Community Facilities District, including the net amounts (the "Delinquency Proceeds") collected from the redemption of delinquent Special Taxes, including the penalties and interest thereon and from the sale of property sold as a result of the foreclosure of the lien of the Special Taxes resulting from the delinquency in the payment of the Special Taxes due and payable on such property, and net of the County, foreclosure counsel and other fees and expenses incurred by or on behalf of the Community Facilities District or the School District in undertaking such foreclosure proceedings, less Administrative Expenses (as defined in the Indenture) not to exceed $48,759.77 for Fiscal Year 2012-13 and subject to escalation by 2% each year. "Special Taxes" are defined in the Indenture as the proceeds of the special taxes levied and received by the Community Facilities District and the Delinquency Proceeds as described above.

Pursuant to the Act, the Rate and Method, the Resolution of Formation (as defined herein) and the Indenture, so long as the Bonds are outstanding, the Community Facilities District will annually ascertain the parcels on which the Special Taxes are to be levied taking into account any subdivisions of parcels during the applicable Fiscal Year. The Community Facilities District shall effect the levy of the Special Taxes in accordance with the Rate and Method and the Act each Fiscal Year so that the computation of such levy is complete and transmitted to the Auditor of the County before the final date on which the Auditor of the County will accept the transmission of the Special Taxes for the parcels within the Community Facilities District for inclusion on the next real property tax roll. See "SECURITY FOR THE 2012 BONDS – Special Taxes" herein.

The Rate and Method exempts from the Special Tax all property owned by the State, the federal government and local governments, as well as certain other properties, including the Affordable Units, subject to certain limitations. See "SECURITY FOR THE 2012 BONDS – Rate and Method" and "BONDOWNERS' RISKS – Exempt Properties."

The 2012 Bonds are secured on a parity with all Bonds by a first pledge of all moneys deposited in the Reserve Fund. See "SECURITY FOR THE 2012 BONDS." The Reserve Fund established out of the proceeds of the sale of the 2002 Bonds was increased with a portion of the proceeds of the 2005 Bonds and with the acquisition of a Surety Bond (the "2007 Surety Bond") in connection with issuance of the 2007 Bonds. The 2007 Surety Bond constitutes a "Qualified Reserve Fund Credit Instrument" under the Indenture, but due to the downgrading of the long term credit rating of Ambac Assurance Corporation subsequent to the issuance of the 2007 Bonds and due to questions as to allocations of moneys on deposit in the Reserve Fund and moneys derived from a draw on the 2007 Surety Bond among the 2005 Bonds, 2007 Bonds, 2010 Bonds and 2012 Bonds, the 2007 Surety Bond would not constitute a Qualified Reserve Fund Credit Instrument if acquired at this time. In light of the changed circumstances in connection with the issuance of the 2010 Bonds, the Community Facilities District deposited from available moneys into the Reserve Fund an amount equal to the amount which may be drawn under the 2007 Surety Bond. In addition, on the date of issuance of the 2012 Bonds, there shall be credited to the Reserve Fund proceeds of the 2012 Bonds in an amount representing the incremental increase in the Reserve Requirement due to the issuance of the 2012 Bonds so that as of the date of issuance of the 2012 Bonds, funds available in the Reserve Fund (without taking into account the amounts available from the 2007 Surety Bond) equal the Reserve Requirement. If at a date in the future the 2007 Surety Bond would constituted a Qualified Reserve Fund Credit Instrument if acquired as of such date, the Community Facilities District may treat the 2007 Surety Bond as a Qualified Reserve Fund Credit Instrument at that time and withdraw moneys from the Reserve Fund. See "SECURITY FOR THE 2012 BONDS – Reserve Fund – *2007 Surety Bond*."

The Indenture defines Reserve Requirement as an amount, as of any date of calculation, equal to the least of (i) the then maximum annual debt service on the Bonds, (ii) 125% of the then average annual debt service on the Bonds or (iii) 10% of the initial principal amount of the Bonds, less original issue discount, if any, plus original issue premium, if any. The ability of the Board of Education, in its capacity as legislative body of the Community Facilities District, to increase the annual Special Taxes levied to replenish the Reserve Fund is subject to the maximum annual amount of Special Taxes authorized by the qualified voters of the Community Facilities District. The moneys in the Reserve Fund will only be used for payment of principal of, interest and any redemption premium on the Bonds, and at the direction of the Community Facilities District, for payment of rebate obligations related to the Bonds. See "SECURITY FOR THE 2012 BONDS – Reserve Fund."

The Community Facilities District has also covenanted in the Indenture to cause foreclosure proceedings to be commenced and prosecuted against certain parcels with delinquent installments of the Special Taxes. For a more detailed description of the foreclosure covenant see "SECURITY FOR THE 2012 BONDS – Proceeds of Foreclosure Sales."

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE SCHOOL DISTRICT, THE COMMUNITY FACILITIES DISTRICT (EXCEPT TO THE LIMITED EXTENT DESCRIBED HEREIN) OR THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE 2012 BONDS. OTHER THAN THE SPECIAL TAXES OF THE COMMUNITY FACILITIES DISTRICT, NO TAXES ARE PLEDGED TO THE PAYMENT OF 2012 BONDS. THE 2012 BONDS ARE NOT A GENERAL OBLIGATION OF THE COMMUNITY FACILITIES DISTRICT, BUT ARE LIMITED OBLIGATIONS OF THE COMMUNITY FACILITIES DISTRICT PAYABLE SOLELY FROM THE SPECIAL TAXES OF THE COMMUNITY FACILITIES DISTRICT AS MORE FULLY DESCRIBED HEREIN.

Assessed Value Analysis and Summary Appraisal Report

An analysis of assessed values by an MAI appraiser of the completed homes within Neighborhoods One through Three and an appraisal of all completed-sold homes, completed-unsold homes, homes under construction and vacant lots within Neighborhood Four which had a building permit pulled as of March 1, 2012, within Neighborhood Four of the Community Facilities District, dated April 6, 2012 (the "Assessed Value Analysis and Summary Appraisal Report"), was prepared by Stephen G. White, MAI of Fullerton, California (the "Appraiser"), in connection with the issuance of the 2012 Bonds. The purpose of the assessed value analysis of the homes in Neighborhoods One through Three was to consider the total and the average assessed values, which are as of January 1, 2011, for the pertinent parcels in Neighborhoods One through Three. In addition, the range and average of the percentage variance from sale prices to assessed value is calculated for homes in Neighborhoods One through Three where a closed sale has occurred since January 1, 2011, or pending sales existed as of the March 1, 2012, date of value. The total of the assessed values for Neighborhoods One through Three is $2,098,518,722. (The assessed value analysis of the homes in Neighborhoods One through Three excludes 6 homes for which the Special Taxes have been prepaid.)

The purpose of the appraisal of Neighborhood Four was to estimate the market value of only the properties within Neighborhood Four that consisted of completed homes, homes under construction and vacant lots for which building permits had been issued as of March 1, 2012, as segregated into four different product types of homes. The Assessed Value Analysis and Summary Appraisal Report is subject to a number of assumptions and limiting conditions. Subject to these assumptions and limiting conditions, as of March 1, 2012, the Appraiser estimated that the aggregate market value of the completed sold homes (159 homes), completed unsold homes (19 homes, of which 10 are model homes), homes under construction (13 homes) and vacant lots for which building permits have been issued (35 lots) within Neighborhood Four was $143,655,000. (The appraisal of homes in Neighborhood Four excludes 29 completed sold homes for which the Special Taxes have been prepaid.) The combined total of the analyses of Neighborhoods One through Four aggregates $2,242,173,722. See "COMMUNITY FACILITIES DISTRICT NO. 6 (4S RANCH) – Assessed Value Analysis and Summary Appraisal Report – Assessed Values and Appraised Property Values," " – Direct and Overlapping Debt" and

APPENDIX C – "Assessed Value Analysis and Summary Appraisal Report" appended hereto for further information on the Assessed Value Analysis and Summary Appraisal Report, for limiting conditions relating to the Assessed Value Analysis and Summary Appraisal Report and for information relating to overlapping indebtedness.

Mortgage Study

A mortgage study with respect to the property within the Community Facilities District, dated March 10, 2012 (the "Mortgage Study"), was prepared by Empire Economics, Inc., Capistrano Beach, California (the "Mortgage Consultant"), in connection with issuance of the 2012 Bonds. The purpose of the Mortgage Study was to provide a review of the mortgage loan characteristics of the current homeowners within the Community Facilities District, as well as to estimate the current amounts of their equity. See "THE COMMUNITY FACILITIES DISTRICT – Mortgage Study" and "APPENDIX D – Mortgage Study."

Tax Exemption

Assuming compliance with certain covenants and provisions of the Internal Revenue Code of 1986, in the opinion of Bond Counsel, interest on the 2012 Bonds will not be includable in gross income for federal income tax purposes, although it may be includable in the calculation for certain taxes. Also in the opinion of Bond Counsel, interest on the 2012 Bonds will be exempt from State personal income taxes. See "LEGAL MATTERS – Tax Exemption" herein.

Risk Factors Associated with Purchasing the 2012 Bonds

Investment in the 2012 Bonds involves risks that may not be appropriate for some investors. See the section of this Official Statement entitled "BONDOWNERS' RISKS" for a discussion of certain risk factors which should be considered, in addition to the other materials set forth herein, in considering the investment quality of the 2012 Bonds.

Forward Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as a "plan," "expect," "estimate," "project," "budget," "anticipate" or similar words. Such forward-looking statements include, but are not limited to certain statements contained in the information under the caption "COMMUNITY FACILITIES DISTRICT NO. 6 (4S RANCH)" and " – Property Ownership" therein.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE COMMUNITY FACILITIES DISTRICT AND THE SCHOOL DISTRICT DO NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

Professionals Involved in the Offering

Zions First National Bank, Los Angeles, California, will serve as the fiscal agent for the 2012 Bonds and will perform the functions required of it under the Indenture for the payment of the principal of and interest and any premium on the 2012 Bonds and all activities related to the redemption of the 2012 Bonds. Best Best & Krieger LLP, San Diego, California is serving as Bond Counsel to the Community Facilities District and as special counsel to the School District. McFarlin & Anderson LLP, Laguna Hills, California, is acting as Disclosure Counsel. Stifel, Nicolaus & Company, Incorporated, dba Stone & Youngberg, a Division of Stifel Nicolaus, Los Angeles, California, is acting as Underwriter in connection with the issuance and delivery of the 2012 Bonds. Nossaman LLP, Irvine, California, is acting as Underwriter's Counsel. Grant Thornton, Minneapolis, Minnesota, is acting as Verification Agent.

The Assessed Value Analysis and Summary Appraisal Report was provided by Stephen G. White, MAI of Fullerton, California. The mortgage study was provided by Empire Economics, Inc., Capistrano Beach, California, as Mortgage Consultant. Dolinka Group, LLC, Irvine, California, acted as Financial Advisor, Special Tax Consultant, Administrator and Dissemination Agent to the Community Facilities District.

Except for some Special Tax Consultant and Appraiser fees paid from Special Taxes, payment of the fees and expenses of Bond Counsel, Disclosure Counsel, the Special Tax Consultant, the Underwriter, the Fiscal Agent and the rating agency is contingent upon the sale and delivery of the 2012 Bonds.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Brief descriptions of the 2012 Bonds, certain sections of the Indenture, security for the 2012 Bonds, risk factors, the Community Facilities District, the School District and other information are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. The descriptions herein of the 2012 Bonds, the Indenture, and other resolutions and documents are qualified in their entirety by reference to the forms thereof and the information with respect thereto included in the 2012 Bonds, the Indenture, such resolutions and other documents. All such descriptions are further qualified in their entirety by reference to laws and to principles of equity relating to or affecting generally the enforcement of creditors' rights. Copies of such documents may be obtained from the Director of Planning of the Poway Unified School District, 13626 Twin Peaks Road, Poway, California 92064-3034. There may be a charge for copying, mailing and handling of any documents.

CONTINUING DISCLOSURE

The Community Facilities District has covenanted in the Community Facilities District Continuing Disclosure Agreement, the form of which is set forth in APPENDIX F – "Form of Community Facilities District Continuing Disclosure Agreement" (the "Community Facilities District Continuing Disclosure Agreement"), for the benefit of owners and beneficial owners of the 2012 Bonds, to provide certain financial information and operating data relating to the Community Facilities District and the 2012 Bonds by not later than January 31 in each year commencing on January 31, 2013 (the "Community Facilities District Annual Report"), and to provide notices of the occurrence of certain enumerated events, if material.

The Community Facilities District Annual Report will be filed by the Community Facilities District, or Dolinka Group, LLC, as Dissemination Agent on behalf of the Community Facilities District, with the Municipal Securities Rulemaking Board (the "MSRB") through the Electronic Municipal Market Access System (the "EMMA System"), with a copy to the Fiscal Agent and the Underwriter. Any notice of a listed event will be filed by the Community Facilities District, or the Dissemination Agent on behalf of the Community Facilities District, with the MSRB through the EMMA System, with a copy to the Fiscal Agent and the Underwriter. The specific nature of the information to be contained in the Community Facilities District Annual Report or any notice of a listed event is set forth in the Community Facilities District Continuing Disclosure Agreement. The covenants of the Community Facilities District in the Community Facilities District Continuing Disclosure Agreement have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule"); *provided*, *however*, a default under the Community Facilities District Continuing Disclosure Agreement will not, in itself, constitute an Event of Default under the Indenture, and the sole remedy under the Community Facilities District Continuing Disclosure Agreement in the event of any failure of the Community Facilities District or the Dissemination Agent to comply with the Community Facilities District Continuing Disclosure Agreement will be an action to compel performance.

Neither the School District nor the Community Facilities District has ever failed to comply, in any material respect, with an undertaking under the Rule.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds from the sale of the 2012 Bonds will be deposited into the following respective accounts and funds established by the School District under the Indenture, as follows:

SOURCES	
Principal Amount of 2012 Bonds	$38,940,000.00
Plus: Premium	2,987,837.60
Less: Underwriter's Discount	(526,412.50)
Other Available Funds	701,450.83
Total Sources	$42,102,875.93
USES	
Deposit into Costs of Issuance Fund(1)	$308,065.53
Deposit into School Facilities Fund(2)	16,172,298.08
Deposit into Escrow Fund(2)	24,459,417.07
Deposit into Reserve Fund(3)	1,163,095.25
Total Uses	$42,102,875.93

(1) Includes, among other things, rating agency fees, the fees and expenses of Bond Counsel, Disclosure Counsel, the Financial Advisor, the cost of printing the preliminary and final Official Statements, fees and expenses of the Fiscal Agent, the escrow agent, the verification agent, the cost of the Assessed Value Analysis and Summary Appraisal Report, the costs of the Mortgage Report, the fees of the Special Tax Consultant and reimbursement to the School District.

(2) See "FINANCING PLAN" below.

(3) Deposit of the amount necessary to increase the moneys on deposit in the Reserve Fund (without taking into account amounts which may be drawn under the 2007 Surety Bond) to an amount equal to the Reserve Requirement with respect to the Bonds as of the date of delivery of the 2012 Bonds.

FINANCING PLAN

Current Refunding of 2002 Bonds. A portion of the proceeds of the 2012 Bonds will be deposited into an escrow fund established under an escrow agreement, dated as of May 1, 2012 (the "Escrow Agreement"), by and between the Community Facilities District and Zions First National Bank, as escrow agent (the "Escrow Agent"). Amounts deposited under the Escrow Agreement will be held in an escrow fund and invested by the Escrow Agent in "Federal Securities" (as defined in the Escrow Agreement) consisting of United States Treasury Securities - State and Local Government Series (SLGS). The principal of and investment earnings on such deposits, plus any available cash to be held uninvested, will be verified by Grant Thornton, Minneapolis, Minnesota (the "Verification Agent") to be sufficient to pay the principal of and interest on the 2002 Bonds to and including September 1, 2012, at a prepayment price equal to the principal amount of such 2002 Bonds, plus accrued interest. As a result of the deposit and application of funds as provided for in the Escrow Agreement, assuming the accuracy of the computations used to make those deposits, the obligation to make payments of the principal of and interest on the 2002 Bonds will be defeased as of the closing date. Upon issuance of the 2012 Bonds, the Verification Agent will verify the arithmetical accuracy of certain computations included in the schedules provided by the Underwriter and the Fiscal Agent for the 2002 Bonds relating to: (i) the adequacy of forecasted receipts of principal and interest on the governmental obligations and cash to be held pursuant to the Escrow Agreement; (ii) forecasted payments of principal and interest with respect to the 2002 Bonds on and prior to their projected maturity or redemption date and (iii) yields with respect to the 2012 Bonds and on the governmental obligations to be deposited under the Escrow Agreement upon the issuance of the 2012 Bonds. Such verification will be based solely upon information and assumptions supplied to the Verification Agent by the Underwriter and the Fiscal Agent for the 2002 Bonds.

School Facilities. A portion of the proceeds from the sale of the 2012 Bonds will be used, together with other available moneys, to finance the planning and construction of eligible school facilities. School Facilities Costs, as defined in the Indenture, include the cost of planning, design and construction of school facilities and all costs relating thereto.

THE 2012 BONDS

Authority for Issuance

The 2012 Bonds will be issued pursuant to the Act and the Indenture.

General Provisions

The 2012 Bonds will be dated their date of delivery and will bear interest at the rates per annum set forth on the inside cover page hereof, payable semi-annually on each March 1 and September 1, commencing on September 1, 2012 (each, an “Interest Payment Date”), and will mature in the amounts and on the dates set forth on the inside cover page hereof. The 2012 Bonds will be issued in fully-registered form in denominations of $5,000 each or any integral multiple thereof and when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the 2012 Bonds. Ownership interests in the 2012 Bonds may be purchased in book-entry form only, in denominations of $5,000 or any integral multiple thereof within a single maturity. So long as the 2012 Bonds are held in book-entry form, principal of, premium, if any, and interest on the 2012 Bonds will be paid directly to DTC for distribution to the beneficial owners of the 2012 Bonds in accordance with the procedures adopted by DTC. See “THE 2012 BONDS – Book-Entry and DTC.”

The 2012 Bonds will bear interest at the rates set forth on the inside cover hereof payable on the Interest Payment Dates in each year. Interest will be calculated on the basis of a 360-day year composed of twelve 30-day months. Each 2012 Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless (i) such date of authentication is an Interest Payment Date, in which event interest shall be payable from such date of authentication, or (ii) the date of authentication is after the 15th calendar day of the month immediately preceding an Interest Payment Date whether or not such day is a Business Day (the "Record Date") but prior to the immediately succeeding Interest Payment Date, in which event interest shall be payable from the Interest Payment Date immediately succeeding the date of authentication, or (iii) the date of authentication is prior to the close of business on August 15, 2012, in which event interest shall be payable from the date of such 2012 Bonds; *provided, however*, that if at the time of authentication of a 2012 Bond, interest is in default, interest on that 2012 Bond shall be payable from the last Interest Payment Date to which the interest has been paid or made available for payment.

Interest on the 2012 Bonds (including the final interest payment upon maturity or earlier redemption) is payable by check of the Fiscal Agent mailed by first class mail on the Interest Payment Dates (or on the next Business Day following the Interest Payment Date if such Interest Payment Date is not a Business Day) to the registered Owner thereof as of the close of business on the Record Date immediately preceding such Interest Payment Date. Such interest shall be paid by check of the Fiscal Agent mailed to such Bondowner at his or her address as it appears on the books of registration maintained by the Fiscal Agent or upon the request in writing prior to the Record Date of a Bond Owner of at least $1,000,000 in aggregate principal amount of Bonds by wire transfer in immediately available funds (i) to the DTC (so long as the 2012 Bonds are in book-entry form), or (ii) to an account in the United States of America designated by such Owner. Such instructions shall continue in effect until revoked in writing, or until such 2012 Bonds are transferred to a new Owner. The principal of the 2012 Bonds and any premium on the 2012 Bonds due upon the redemption thereof are payable by check in lawful money of the United States of America upon presentation and surrender of the 2012 Bonds at maturity or the earlier redemption thereof at the Principal Corporate Trust Office of the Fiscal Agent (currently in Los Angeles, California).

Debt Service Schedule

The following table presents the annual debt service on the 2012 Bonds (including sinking fund redemptions), assuming that there are no optional redemptions.

Table 1
Poway Unified School District
Community Facilities District No. 6 (4S Ranch)
Scheduled Annual Debt Service on 2012 Bonds

Year Ending September 1	Principal	Interest	Total Debt Service
2012	–	$433,090	$433,090
2013	$810,000	1,856,100	2,666,100
2014	860,000	1,839,900	2,699,900
2015	910,000	1,814,100	2,724,100
2016	965,000	1,786,800	2,751,800
2017	1,040,000	1,748,200	2,788,200
2018	1,115,000	1,706,600	2,821,600
2019	1,195,000	1,662,000	2,857,000
2020	1,285,000	1,602,250	2,887,250
2021	1,390,000	1,538,000	2,928,000
2022	1,485,000	1,468,500	2,953,500
2023	1,600,000	1,394,250	2,994,250
2024	1,715,000	1,314,250	3,029,250
2025	1,840,000	1,228,500	3,068,500
2026	1,975,000	1,136,500	3,111,500
2027	2,110,000	1,037,750	3,147,750
2028	2,255,000	932,250	3,187,250
2029	2,415,000	819,500	3,234,500
2030	2,570,000	698,750	3,268,750
2031	2,745,000	570,250	3,315,250
2032	2,920,000	433,000	3,353,000
2033	2,630,000	287,000	2,917,000
2034	985,000	155,500	1,140,500
2035	1,035,000	106,250	1,141,250
2036	1,090,000	54,500	1,144,500
	$38,940,000	$27,623,790	$66,563,790

Redemption

Optional Redemption. The 2012 Bonds maturing on or prior to September 1, 2022, are not subject to optional redemption before maturity. The 2012 Bonds maturing on or after September 1, 2023, may be redeemed at the option of the Community Facilities District prior to maturity, as a whole or in part on any date on and after September 1, 2022, from such maturities as are selected by the Community Facilities District, and by lot within a maturity, from any source of funds, at a redemption price equal to the principal amount of the 2012 Bonds to be redeemed, together with accrued interest to the date of redemption, without premium.

Whenever provision is made for the optional redemption of less than all of the 2012 Bonds, the Fiscal Agent shall select the 2012 Bonds to be redeemed, among maturities as directed in writing by an Authorized Representative, who shall specify the 2012 Bonds to be redeemed so as to maintain, as much as practicable, the same debt service profile for the Outstanding 2012 Bonds following such redemption as was in effect prior to such redemption. The Fiscal Agent shall select 2012 Bonds to be redeemed within a maturity by lot in any manner that the Fiscal Agent deems appropriate.

Extraordinary Mandatory Redemption of 2012 Bonds. The 2012 Bonds are subject to redemption on any Interest Payment Date, prior to maturity, as a whole or in part on a pro rata basis among maturities and by lot within a maturity from prepayments. Such extraordinary mandatory redemption of the 2012 Bonds shall be at the following redemption prices (expressed as percentages of the principal amount of the 2012 Bonds to be redeemed), together with accrued interest thereon to the date of redemption:

Redemption Date	Redemption Price
Any Interest Payment Date through March 1, 2020	103%
September 1, 2020 and March 1, 2021	102
September 1, 2021 and March 1, 2022	101
September 1, 2022 and any Interest Payment Date thereafter	100

Whenever provision is made for the extraordinary mandatory redemption of less than all of the 2012 Bonds, the Fiscal Agent shall select the 2012 Bonds to be redeemed, pro rata among maturities as directed in writing by an Authorized Representative. The Fiscal Agent shall select 2012 Bonds to be redeemed within a maturity by lot in any manner that the Fiscal Agent deems appropriate.

In the event of a partial redemption of the 2012 Bonds pursuant to the Indenture, each of the remaining mandatory sinking fund payments for such 2012 Bonds within a maturity, as applicable, will be reduced, as nearly as practicable, on a pro rata basis.

The amounts in the foregoing tables shall be reduced as a result of any prior partial redemption of the 2012 Bonds pursuant to an optional redemption or redemption from proceeds of Special Tax prepayments as specified in writing by the Community Facilities District to the Fiscal Agent.

Mandatory Sinking Fund Redemption of 2012 Bonds. The 2012 Bonds maturing on September 1, 2033, and September 1, 2036, are subject to mandatory sinking fund redemption, in part by lot, on September 1 in each year commencing September 1, 2032, and September 1, 2034, respectively, at a redemption price equal to the principal amount of the 2012 Bonds to be redeemed, plus accrued and unpaid interest thereon to the date fixed for redemption, without premium, in the aggregate principal amount and in the years shown on the following redemption schedule:

2012 BONDS MATURING 2033

Redemption Date (September 1)	Principal Amount
2032	$2,920,000
2033 (maturity)	2,630,000

2012 BONDS MATURING 2036

Redemption Date (September 1)	Principal Amount
2034	$985,000
2035	1,035,000
2036 (maturity)	1,090,000

In the event of a partial redemption of the 2012 Bonds pursuant to the Indenture, each of the remaining mandatory sinking fund payments for such 2012 Bonds within a maturity, as applicable, will be reduced, as nearly as practicable, on a pro rata basis.

The amounts in the foregoing tables shall be reduced as a result of any prior partial redemption of the 2012 Bonds pursuant to an optional redemption or redemption from proceeds of Special Tax prepayments as specified in writing by the Community Facilities District to the Fiscal Agent.

Purchase In Lieu of Redemption. In lieu of any optional, mandatory or mandatory sinking fund redemption, the Community Facilities District may elect to purchase such 2012 Bonds at public or private sale as and when, and at such prices as such written direction may provide; *provided*, that, unless otherwise authorized by law, the purchase price (including brokerage and other charges) thereof shall not exceed the principal amount thereof, plus accrued interest accrued to the purchase date and any premium which would otherwise be due if such Bonds were to be redeemed in accordance with the Indenture.

Notice of Redemption. The Fiscal Agent shall mail, at least 30 days but not more that 45 days prior to the date of redemption, notice of intended redemption, by first class mail, postage prepaid, to the respective registered Owners of the 2012 Bonds at the addresses appearing on the 2012 Bond registry books. So long as notice by first class mail has been provided as set forth below, the actual receipt by the Owner of any 2012 Bond of notice of such redemption shall not be a condition precedent to redemption, and failure to receive such notice shall not affect the validity of the proceedings for redemption of such 2012 Bonds or the cessation of interest on the date fixed for redemption.

Such notice shall (a) state the redemption date; (b) state the redemption price; (c) state the bond registration numbers, dates of maturity and CUSIP® numbers of the 2012 Bonds to be redeemed, and in the case of 2012 Bonds to be redeemed in part, the respective principal portions to be redeemed; *provided, however*, that whenever any call includes all 2012 Bonds of a maturity, the numbers of the 2012 Bonds of such maturity need not be stated; (d) state that such 2012 Bonds must be surrendered at the principal corporate trust office of the Fiscal Agent; (e) state that further interest on the 2012 Bonds will not accrue from and after the designated redemption date; (f) state the date of the issue of the 2012 Bonds as originally issued; (g) state the rate of interest borne by each 2012 Bond being redeemed; and (h) state that any other descriptive information needed to identify accurately the 2012 Bonds being redeemed as the Community Facilities District shall direct.

Effect of Redemption. When notice of redemption has been given substantially as provided for in the Indenture, and when the amount necessary for the redemption of the 2012 Bonds called for redemption has been set aside for that purpose in the Redemption Fund as to 2012 Bonds subject to optional redemption or the 2012 Bonds designated for redemption shall become due and payable on the date fixed for redemption thereof, and upon presentation and surrender of said 2012 Bonds at the place specified in the notice of redemption, said 2012 Bonds shall be redeemed and paid at the redemption price out of the applicable Redemption Fund and no interest will accrue on such 2012 Bonds or portions of 2012 Bonds called for redemption from and after the redemption date specified in said notice, and the Owners of such 2012 Bonds so called for redemption after such redemption date shall look for the payment of principal and premium, if any, of such 2012 Bonds or portions of 2012 Bonds only to said Redemption Fund.

Registration, Transfer and Exchange

Registration. The Fiscal Agent will keep sufficient books for the registration and transfer of the 2012 Bonds, and upon presentation for such purpose, the Fiscal Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said register, the Bonds as hereinbefore provided. The Community Facilities District and the Fiscal Agent will treat the owner of any Bond whose name appears on the Bond Register as the holder and absolute Owner of such Bond for all purposes under the Indenture, and the Community Facilities District and the Fiscal Agent shall not be affected by any notice to the contrary.

Transfers of Bonds. The transfer of any 2012 Bond may be registered only upon such books of registration upon surrender thereof to the Fiscal Agent, together with an assignment duly executed by the Owner or his attorney or legal representative, in satisfactory form. Upon any such registration of transfer, a new 2012 Bond or Bonds shall be authenticated and delivered in exchange for such 2012 Bond, in the name of the transferee, of any denomination or denominations authorized by the Indenture, and in an aggregate principal amount equal to the principal amount of such 2012 Bond or Bonds so surrendered. The Fiscal Agent may make a charge for every such exchange or registration of transfer of Bonds sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such transfer or exchange. The Fiscal Agent shall not be required to register transfers or make exchanges of (i) 2012 Bonds for a period of 15 days next preceding the date of any selection of the 2012 Bonds for redemption, or (ii) any 2012 Bonds chosen for redemption.

Exchange of Bonds. Bonds may be exchanged at the Principal Corporate Trust Office of the Fiscal Agent for a like aggregate principal amount of 2012 Bonds of authorized denominations, interest rate and maturity, subject to the terms and conditions of the Indenture, including the payment of certain charges, if any, upon surrender and cancellation of a 2012 Bond.

Book-Entry and DTC

The Depository Trust Company (defined above as "DTC"), New York, New York, will act as securities depository for the 2012 Bonds. The 2012 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2012 Bond certificate will be issued for each maturity of the 2012 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See APPENDIX H – "Book-Entry System."

Debt Service Coverage

Table 2
Poway Unified School District
Community Facilities District No. 6 (4S Ranch)
Debt Service Coverage from Net Special Tax Revenues

Period Ending September 1	Net Special Tax Revenues(1)(2)	2005 Bonds Debt Service	2007 Bonds Debt Service	2010 Bonds Debt Service	2012 Bonds Debt Service	Aggregate Debt Service	Debt Service Coverage(1)
2012(3)	$6,885,371.64	$2,513,993.76	$2,185,797.50	$272,400.00	$433,090.00	$5,405,281.26	127.38%
2013	8,918,631.05	2,570,393.76	2,227,347.50	272,215.00	2,666,100.00	7,736,056.26	115.29
2014	9,128,370.21	2,617,843.76	2,271,197.50	282,002.50	2,699,900.00	7,870,943.76	115.98
2015	9,310,937.61	2,672,368.76	2,319,797.50	286,502.50	2,724,100.00	8,002,768.76	116.35
2016	9,497,156.37	2,727,988.76	2,365,597.50	290,815.00	2,751,800.00	8,136,201.26	116.73
2017	9,687,099.49	2,784,318.76	2,410,222.50	294,877.50	2,788,200.00	8,277,618.76	117.03
2018	9,880,841.48	2,835,958.76	2,460,222.50	303,696.26	2,821,600.00	8,421,477.52	117.33
2019	10,078,458.31	2,893,518.76	2,507,022.50	312,031.26	2,857,000.00	8,569,572.52	117.61
2020	10,280,027.48	2,951,518.76	2,559,712.50	314,831.26	2,887,250.00	8,713,312.52	117.98
2021	10,485,628.03	3,009,231.26	2,610,962.50	317,431.26	2,928,000.00	8,865,625.02	118.27
2022	10,695,340.59	3,075,231.26	2,661,687.50	324,668.76	2,953,500.00	9,015,087.52	118.64
2023	10,909,247.40	3,130,231.26	2,716,937.50	331,387.50	2,994,250.00	9,172,806.26	118.93
2024	11,127,432.35	3,194,481.26	2,771,437.50	337,562.50	3,029,250.00	9,332,731.26	119.23
2025	11,349,981.00	3,257,231.26	2,824,937.50	348,168.76	3,068,500.00	9,498,837.52	119.49
2026	11,576,980.62	3,323,231.26	2,882,187.50	353,081.26	3,111,500.00	9,670,000.02	119.72
2027	11,808,520.23	3,389,825.00	2,941,912.50	362,381.26	3,147,750.00	9,841,868.76	119.98
2028	12,044,690.63	3,458,475.00	2,999,987.50	365,800.00	3,187,250.00	10,011,512.50	120.31
2029	12,285,584.45	3,523,668.76	3,061,175.00	373,731.26	3,234,500.00	10,193,075.02	120.53
2030	12,531,296.14	3,600,150.00	3,120,000.00	380,731.26	3,268,750.00	10,369,631.26	120.85
2031	12,781,922.06	3,671,893.76	3,180,500.00	391,981.26	3,315,250.00	10,559,625.02	121.05
2032	13,037,560.50	3,743,643.76	3,247,250.00	397,231.26	3,353,000.00	10,741,125.02	121.38
2033	13,298,311.71	4,339,887.50	3,309,500.00	406,468.76	2,917,000.00	10,972,856.26	121.19
2034	13,564,277.94	6,383,206.26	3,377,000.00	404,393.76	1,140,500.00	11,305,100.02	119.98
2035	13,835,563.50	6,512,493.76	3,444,000.00	406,793.76	1,141,250.00	11,504,537.52	120.26
2036	14,112,274.77	0.00	0.00	2,713,406.26	1,144,500.00	3,857,906.26	365.80
Total	$279,111,505.57	$82,180,785.20	$66,456,392.50	$10,844,590.16	$66,563,790.00	$226,045,557.86	

(1) Total Special Taxes levied less Administrative Expense Requirement of $47,803.70 in Fiscal Year 2011-12 and escalating by 2% each Fiscal Year as provided by the Dolinka Group, LLC. Special Taxes on parcels which are delinquent in the payment of Special Taxes have not been excluded from the calculation of the Net Special Tax Revenues that may be levied pursuant to the Rate and Method. See "SECURITY FOR THE 2012 BONDS."

(2) Includes 43 Units with Building Permits issued that will be classified as Developed Property for the first time in Fiscal Year ending 2013 and 10 Units with Building Permits issued that will be classified as Developed Property for Fiscal Year ending 2014.

(3) Reduced by the debt service of the CFD No. 6 2002 Special Tax Bonds due on March 1, 2012 and September 1, 2012. The actual CFD No. 6 levy for Fiscal Year 2011-12 is $8,541,230.34.

SECURITY FOR THE 2012 BONDS

General

The 2012 Bonds and all Parity Bonds are secured by a first pledge of all of the Net Special Tax Revenues and all moneys deposited in the applicable Bond Service Fund and in the Reserve Fund and, until disbursed as provided in the Indenture, in the applicable Special Tax Fund. Pursuant to the Act and the Indenture, the Community Facilities District will annually levy the Special Taxes in an amount required for the payment of principal of, and interest on, any outstanding Bonds becoming due and payable during the ensuing year, including any necessary replenishment or expenditure of the Reserve Fund, as well as (i) credit or liquidity fees on the Bonds, (ii) facilities construction, (iii) escrow costs, (iv) lease payments for facilities, (v) other payments permitted by law and (vi) an amount estimated to be sufficient to pay the Administrative Expenses during such year. The Net Special Tax Revenues and all moneys deposited into the applicable accounts (until disbursed as provided in the Indenture) are pledged to the payment of the principal of, and interest and any premium on, the Bonds as provided in the Indenture and in the Act until all of the Bonds have been paid and retired or until moneys or Federal Securities (as defined in the Indenture) have been set aside irrevocably for that purpose.

Amounts in the Administrative Expense Fund, the Costs of Issuance Fund and the School Facilities Fund are not pledged to the repayment of the Bonds. The School Facilities constructed and acquired with the proceeds of the Bonds are not in any way pledged to pay the debt service on the Bonds. Any proceeds of condemnation or destruction of any facilities financed with the proceeds of the Bonds are not pledged to pay the debt service on the Bonds.

Special Taxes

The Community Facilities District has covenanted in the Indenture to comply with all requirements of the Act so as to assure the timely collection of Special Taxes, including without limitation, the enforcement of delinquent Special Taxes. The Rate and Method provides that the Special Taxes are payable and will be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, *provided, however*, that the Community Facilities District may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations.

Because the Special Tax levy is limited to the maximum Special Tax rates set forth in the Rate and Method, no assurance can be given that, in the event of Special Tax delinquencies, the receipt of Special Taxes will, in fact, be collected in sufficient amounts in any given year to pay debt service on the Bonds. The Special Taxes levied in the Community Facilities District are not available to pay principal of or interest on the Bonds issued with respect to each Improvement Area. The Special Taxes levied pursuant to each Improvement Area Rate and Method are not available to pay principal of or interest on the Bonds.

Although the Special Taxes, when levied, will constitute a lien on parcels subject to taxation, it does not constitute a personal indebtedness of the owners of property. There is no assurance that the owners of real property will be financially able to pay the annual Special Tax or that they will pay such tax even if financially able to do so. See "BONDOWNERS' RISKS" herein.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE SCHOOL DISTRICT, THE COMMUNITY FACILITIES DISTRICT (EXCEPT TO THE LIMITED EXTENT DESCRIBED HEREIN) OR THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. OTHER THAN THE SPECIAL TAXES, NO TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT A GENERAL OBLIGATION OF THE COMMUNITY FACILITIES

DISTRICT, BUT ARE LIMITED OBLIGATIONS OF THE COMMUNITY FACILITIES DISTRICT PAYABLE SOLELY FROM THE SPECIAL TAXES MORE FULLY DESCRIBED HEREIN.

Rate and Method

General. In 1998 pursuant to the request of landowners, the School District established the Community Facilities District with respect to approximately 2,888 gross acres of land within the boundaries of the School District, authorized the levy of special taxes therein pursuant to the Community Facilities District Rate and Method, and authorized the issuance of bonded indebtedness to finance School Facilities. In excess of 4,000 units were proposed within the Community Facilities District (of which approximately 141 are Affordable Units), most of which have been completed. Approximately 519 of the Attached Units and approximately 21 of the Affordable Units are located in a 540-unit apartment complex in a mixed use district separate from the four neighborhoods. The owner of the apartment complex prepaid its Special Tax for the units which were not Affordable Units. 120 Affordable Units are in Neighborhood One. Affordable Units are not subject to the levy of the Special Tax.

In 2001, 4S Kelwood requested that the School District institute proceedings pursuant to the Act to (a) create a new community facilities district or designate improvement areas in the Community Facilities District and (b) authorize the community facilities district to issue bonded indebtedness and to levy additional special taxes to fund, in addition to those School Facilities authorized to be funded by the Community Facilities District, certain other public improvements. The proceedings to designate the Improvement Areas and authorize this levy of additional special taxes and the issuance of additional bonds were completed on October 21, 2002.

4S Kelwood participated in the proceedings for formation of the Community Facilities District. Pursuant to such proceedings, a Special Tax may be levied and collected within the Community Facilities District to finance School Facilities according to the Rate and Method, a copy of which is set forth in APPENDIX B – "Rate and Method of Apportionment for Community Facilities District No. 6 (4S Ranch) of the Poway Unified School District."

The qualified electors of the Community Facilities District approved the Rate and Method on March 24, 1998. Capitalized terms used in the following paragraphs but not defined herein have the meanings given them in the Rate and Method.

Community Facilities District Rate and Method. The Community Facilities District Rate and Method provides the means by which the Board of Education may annually levy the Special Taxes within the Community Facilities District up to the applicable Maximum Special Tax to pay for School Facilities. The 2005 Bonds were issued on November 22, 2005, the 2007 Bonds were issued on July 26, 2007 and the 2010 Bonds were issued on October 27, 2010, to fund School Facilities and are secured by any annual Special Tax levied pursuant to the Community Facilities District Rate and Method. The 2012 Bonds, when issued, will fund the defeasance and redemption of the 2002 Bonds and fund School Facilities and will be secured by any annual Special Taxes levied pursuant to the Rate and Method. The Rate and Method provides that the Annual Special Tax shall be levied for a term of 25 Fiscal Years after the issuance of the last bond series, but in no event later than Fiscal Year 2045-46. Upon issuance of the 2012 Bonds and until issuance of Parity Bonds, the terms of the Rate and Method allow the levy of the Special Tax through Fiscal Year 2035-36. A copy of the Rate and Method is included in APPENDIX B – "Rate and Method of Apportionment for Community Facilities District No. 6 (4S Ranch) of the Poway Unified School District."

Annual Community Facilities District Special Tax Requirement. Annually, at the time of levying the Special Tax for the Community Facilities District, the Superintendent or his designee shall reasonably determine the Special Tax Requirement and the Undeveloped Special Tax Requirement. The Special Tax Requirement is defined as the amount required to pay the following:

(i) the regularly scheduled debt service on all Bonds (i.e., the 2005 Bonds, the 2007 Bonds, the 2010 Bonds and the 2012 Bonds, applicable to the Community Facilities District, and any Parity Bonds issued for refunding purposes), which are due in the Calendar Year commencing during such Fiscal Year, assuming that principal is paid when due without acceleration or optional redemption;

(ii) credit or liquidity fees on the Bonds (there are none for the 2012 Bonds);

(iii) the cost of acquisition or construction of Facilities;

(iv) Administrative Expenses;

(v) the costs associated with the release of funds from an escrow account;

(vi) any amount required to establish, maintain, or replenish any reserve funds and credit enhancement facilities established in association with the 2005 Bonds, the 2007 Bonds, the 2010 Bonds, the 2012 Bonds or any Parity Bonds issued under the remaining bond authorization or for refunding purposes;

(vii) lease payments for Facilities; and

(viii) any other payments permitted by law.

The Undeveloped Special Tax Requirement is an amount calculated based on the remaining amounts required to pay the Special Tax Requirement, after deducting the amounts levied on Developed Property, for payment of the Special Tax Requirement. A Special Tax is authorized to be levied on Undeveloped Property to fund the Undeveloped Special Tax Requirement, if any.

The Community Facilities District Rate and Method also establishes a Special Tax Requirement A, which is an amount required to fund the "Technology Budget" less any amount previously received by the Community Facilities District from 4S Kelwood to fund such Technology Budget in a Fiscal Year in which an elementary school located within or financed by the Community Facilities District is opened. ***The Impact Mitigation Agreement provides that the Community Facilities District will not levy Special Taxes to satisfy the Special Tax Requirement A. The One-Time Special Tax is not collected in connection with construction of a residential structure but is collected on other Undeveloped Property on the date a Building Permit is issued for such Assessor' Parcel. Therefore, the following description of the Rate and Method does not include reference to the Special Tax Requirement A***. The Indenture provides that funds in an amount equal to the Special Tax Requirement A and the One-Time Special Tax are not pledged to payment of the 2012 Bonds.

Developed and Undeveloped Property; Exempt Property. The Rate and Method declares that for each Fiscal Year, all Assessor's Parcels within the Community Facilities District shall be classified as Developed Property, Undeveloped Property or Exempt Property and shall be subject to Special Taxes in accordance with the Rate and Method.

(i) "<u>Developed Property</u>" means all Assessor's Parcels for which Building Permits for new construction were issued after the formation of the Community Facilities District and on or before January 1 of the prior Fiscal Year.

(ii) "Undeveloped Property" means all Assessor's Parcels in the Community Facilities District for which no Building Permit was issued after the formation of the Community Facilities District and on or before January 1 of the prior Fiscal Year.

(iii) "Taxable Property" means all Assessor's Parcels within the Community Facilities District which are not exempt from the special tax pursuant to law or as Exempt Property (as defined below) pursuant to the Rate and Method.

(iv) "Exempt Property" is defined to include the following:

(a) parcels owned by the State, federal or other local governments except as otherwise provided in sections 53317.3, 53317.5 and 53340.1 of the Government Code;

(b) parcels within the boundaries of the Community Facilities District which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization;

(c) parcels used exclusively by a homeowner's association, parcels with public or utility easements making impractical their use for purposes other than those set forth in the easements; and

(d) Assessor's Parcels identified entirely as open space on a final map.

Maximum Special Tax. The Maximum Special Tax is defined in the Rate and Method as follows:

(i) Undeveloped Property: In any Fiscal Year, the Maximum Special Tax for each Assessor's Parcel of Undeveloped Property shall be the sum of (i) the Assigned Annual Special Tax and (ii) the One-Time Special Tax. The Assigned Annual Special Tax for Undeveloped Property for Fiscal Year 2012-13 is $1,345.87 per acre. On each July 1, the Assigned Annual Special Tax per acre shall be increased by 2.00% of the amount in effect in the prior Fiscal Year. ***Although the Rate and Method refers to an Assigned Annual Special Tax for Undeveloped Property in Zone A (as defined in the Rate and Method) which exceeds the rate of the Assigned Annual Special Tax for Undeveloped Property outside of Zone A to fund this Special Tax Requirement A, the Impact Mitigation Agreement provides that the Community Facilities District will not levy Special Taxes to satisfy the Special Tax Requirement A and the effective Assigned Annual Special Tax will be the same for all Undeveloped Property whether or not a parcel is within Zone A.*** Zone A originally encompassed the residential portions of Neighborhoods Three and Four.

(ii) Developed Property: In any Fiscal Year, the Maximum Special Tax for each Assessor' Parcel of Residential Property shall be the Assigned Annual Special Tax. In any Fiscal Year the Maximum Special Tax for each Assessor's Parcel of Commercial/Industrial Property shall be the amount of any portion of the One-Time Special Tax that is not collected at the issuance of a Building Permit, which amount may be levied on such Assessor' Parcel when classified as Developed Property in any following Fiscal Year.

In Fiscal Year 2012-13 the average Assigned Annual Special Tax is $2,703.93 for Detached Units and $1,248.94 for Attached Units. Affordable Units are not subject to the Special Tax. Each July 1, the Assigned Annual Special Tax applicable to an Assessor's Parcel in the first Fiscal Year in which such Assessor's Parcel is classified as Developed Property increases by the greater of the annual percentage change in the Index (as defined in the Rate and Method) or 2.00% of the amount in effect in the prior Fiscal Year. Each July 1, commencing the July 1 immediately following the Fiscal Year in which the Assessor's Parcel was first classified as Developed Property, the Assigned Annual Special Tax applicable to an Assessor' Parcel is increased by 2.00% of the amount in effect in the prior Fiscal Year. See APPENDIX B – "Rate and Method of Apportionment for Community Facilities District No. 6 (4S Ranch) of the Poway Unified School District - Table 1" herein for a listing of the Assigned Annual Special Tax rates.

Method of Apportionment. The Rate and Method provides that each Fiscal Year, the Superintendent or his designee shall reasonably determine the Special Tax Requirement and the Undeveloped Special Tax Requirement. The Community Facilities District shall levy Annual Special Taxes within the Community Facilities District as follows:

1. The Community Facilities District shall levy an Annual Special Tax on each Assessor's Parcel of Developed Property in an amount equal to the Assigned Annual Special Tax applicable to each such Assessor's Parcel.

2. If the Undeveloped Special Tax Requirement is greater than $0, an Annual Special Tax shall additionally be levied on every Assessor's Parcel of Undeveloped Property at the same amount per acre of Acreage as necessary to satisfy the Undeveloped Special Tax Requirement, up to the Assigned Annual Special Tax applicable to each such Assessor's Parcel.

The Rate and Method refers to a third step in which an Annual Special Tax would be levied on every Assessor's Parcel of Undeveloped Property located in Zone A at the same amount per acre of Acreage as necessary to satisfy the Special Tax Requirement A, up to the Zone A Assigned Annual Special Tax applicable to each such Assessor's Parcel. ***The Impact Mitigation Agreement provides that the Community Facilities District will not levy Special Taxes to satisfy the Special Tax Requirement A.*** Therefore, the effective Assigned Annual Special Undeveloped Properties located in Zone A will be the same as the Assigned Annual Special Tax on Undeveloped Properties located outside of Zone A.

Prepayment of Annual Special Taxes. The Annual Special Tax obligation of an Assessor's Parcel of Developed Property or an Assessor's Parcel of Undeveloped Property for which a building permit has been issued may be prepaid in full. The Prepayment Amount for an applicable Assessor's Parcel after the issuance of bonds is calculated based on Bond Redemption Amounts and other costs, all as specified in APPENDIX B – "Rate and Method of Apportionment for Community Facilities District No. 6 (4S Ranch) of the Poway Unified School District – Section G" herein.

In addition, at the time a Final Map is recorded for any Taxable Property, the owner filing said Final Map for recordation concurrently may elect for all of the Assessor's Parcels created by said Final Map to prepay a portion of the applicable Annual Special Tax obligation, *provided* that the Final Map contains at least 15 Detached Units or 30 Attached Units. The partial prepayment of the Annual Special Tax obligation for every Assessor's Parcel shall be collected prior to the issuance of a Building Permit. These prepayments are pledged to payment of the Bonds.

Special Tax Levy

$8,967,390.82 in Special Taxes are estimated to be levied on 3,727 parcels within the Community Facilities District for Fiscal Year 2012-13. (Since January 1, 2012, as of April 1, 2012, building permits have been issued with respect to an additional ten parcels. Such parcels will be subject to the Special Tax as Developed Property commencing with Fiscal Year 2013-14 and all of such parcels have been included among the parcels considered in the Assessed Value Analysis and Summary Appraisal Report). All of the foregoing Special Taxes will be levied on Developed Property as defined in the Rate and Method.

The table below summarizes the projected Fiscal Year 2012-13 Special Tax levy to be made in accordance with the Rate and Method:

Table 3
Poway Unified School District
Community Facilities District No. 6 (4S Ranch)
Fiscal Year 2012-13 Special Tax Levy

Land Use	Average Fiscal Year 2012-13 Applied Tax Rate	Units Levied[(1)]	Special Taxes Levied[(2)]	Fiscal Year 2012-13 Levy as Percent of Total
Single Family Detached Units	$2,703.93	2,964	$8,014,449.98	89.37%
Single Family Attached Units	1,248.94	763	952,940.84	10.63
Total	N/A	3,727	$8,967,390.82	100.00

(1) Includes 38 units under construction or vacant lots for which building permits were issued as of January 1, 2012, which will be subject to the Special Tax levy in Fiscal Year 2012-13. Based on the Assessed Value Analysis and Summary Appraisal Report, approximately 10 additional building permits have been issued since January 1, 2012.
(2) Totals may not add due to rounding. No Special Tax is levied on Affordable Units.

Source: Dolinka Group, LLC.

As indicated above, the Maximum Special Tax for each Assessor's Parcel of Developed Property of Residential Property is the Assigned Annual Special Tax and under the Rate and Method, the Community Facilities District levies on Developed Property at the Assigned Special Tax. A portion of the Special Tax Requirement is utilized for acquisition and/or construction of School Facilities. Special Taxes are levied on Developed Property in amounts equal to the Assigned Annual Special Tax, which is the maximum Special Tax which the Community Facilities District may levy under the Rate and Method. In the event the Community Facilities District were to levy Special Taxes on Developed Property at less than the Assigned Annual Special Tax, pursuant to Section 53321 of the Act as applied to the Community Facilities District, under no circumstances will the Special Tax levied in any fiscal year against any parcel used for private residential purposes be increased as a consequence of delinquency or default by the owner or owners of any other parcel or parcels within the Community Facilities District by more than 10% above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. For such purposes, a parcel will be considered used for private residential purposes not later than the date on which an occupancy permit for private residential use is issued.

For information regarding the top taxpayers in Fiscal Year 2012-13 based on the County Assessor's roll ownership information as of January 1, 2011, see Table 5 below. The Merchant Builders are expected to complete and sell the remaining homes. The timing of sales cannot be predicted.

Proceeds of Foreclosure Sales

Pursuant to Section 53356.1 of the Act, in the event of any delinquency in the payment of the Special Tax, the Community Facilities District may order the institution of a superior court action to foreclose the lien therefor within specified time limits. In such an action, the real property subject to the unpaid amount may be sold at judicial foreclosure sale. Such judicial foreclosure action is not mandatory.

Under the Indenture, on or before June 1 of each Fiscal Year, the Community Facilities District will review the public records of the County of San Diego, California, to determine the amount of Special Taxes actually collected in such Fiscal Year and proceed as follows:

Individual Delinquencies. If the Community Facilities District determines that (i) any single parcel subject to the Special Tax is delinquent in the payment of the Special Taxes in the aggregate amount of $5,000 or more or (ii) any single parcel or parcels under common ownership subject to the Special Taxes is delinquent in the payment of the Special Taxes in the aggregate of $10,000 or more, the Community Facilities District shall, not later than 45 days of such determination, send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner. The Community Facilities District shall cause judicial foreclosure proceedings to be commenced and filed in the superior court not later than 90 days of such determination against any parcel for which a notice of delinquency was given and for which the Special Taxes remain delinquent.

Aggregate Delinquencies. If the Community Facilities District determines that it has collected less than 95% of the Special Taxes levied in such Fiscal Year, then the Community Facilities District shall, not later than 45 days of such determination, send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the owner of each delinquent parcel (regardless of the amount of such delinquency). The Community Facilities District will cause judicial foreclosure proceedings to be commenced and filed in the superior court not later than 90 days of such determination against any parcel for which a notice of delinquency was given and for which the Special Taxes remain delinquent.

It should be noted that any foreclosure proceedings commenced as described above could be stayed by the commencement of bankruptcy proceedings by or against the owner of the delinquent property. See "BONDOWNERS' RISKS – Bankruptcy and Foreclosure Delay."

No assurances can be given that a judicial foreclosure action, once commenced, will be completed or that it will be completed in a timely manner. See "BONDOWNERS' RISKS – Potential Delay and Limitations in Foreclosure Proceedings." If a judgment of foreclosure and order of sale is obtained, the judgment creditor (the Community Facilities District) must cause a Notice of Levy to be issued. Under current law, a judgment debtor (property owner) has 120 days from the date of service of the Notice of Levy and 20 days from the subsequent notice of sale in which to redeem the property to be sold. If a judgment debtor fails to so redeem and the property is sold, his only remedy is an action to set aside the sale, which must be brought within 90 days of the date of sale. If, as a result of such action, a foreclosure sale is set aside, the judgment is revived and the judgment creditor is entitled to interest on the revived judgment as if the sale had not been made. The constitutionality of the aforementioned legislation, which repeals the former one-year redemption period, has not been tested; and there can be no assurance that, if tested, such legislation will be upheld. Any parcel subject to foreclosure sale must be sold at the minimum bid price unless a lesser minimum bid price is authorized by the Owners of 75% of the principal amount of the Bonds Outstanding.

No assurances can be given that the real property subject to sale or foreclosure will be sold or, if sold, that the proceeds of sale will be sufficient to pay any delinquent Special Tax installment. The Act does not require the School District or the Community Facilities District to purchase or otherwise acquire any lot or parcel of property offered for sale or subject to foreclosure if there is no other purchaser at such sale. The Act does specify that the Special Tax will have the same lien priority in the case of delinquency as for *ad valorem* property taxes.

If the Reserve Fund is depleted and delinquencies in the payment of Special Taxes exist, there could be a default or delay in payments to the Bondowners pending prosecution of foreclosure proceedings and receipt by the Community Facilities District of foreclosure sale proceeds, if any. However, within the limits of the Rate and Method and the Act, the Community Facilities District may adjust the Special Taxes levied on all property in future Fiscal Years to provide an amount, taking into account such delinquencies, required to pay debt service on the Bonds and to replenish the Reserve Fund. There is, however, no assurance that the maximum Special Tax rates will be at all times sufficient to pay the amounts required to be paid on the Bonds by the Indenture.

Special Tax Fund

Pursuant to the Indenture, the Special Tax Revenues received by the Community Facilities District and Special Tax Revenues representing Prepayments, will be deposited in the Special Tax Fund, which will be held by the Fiscal Agent on behalf of the Community Facilities District. Special Tax Revenues representing Prepayments shall be transferred to the Interest Account of the Bond Service Fund and the Redemption Fund and utilized to pay the interest and premium, if any, on and the principal of Bonds to be redeemed. Moneys in the Special Tax Fund shall be held in trust by the Fiscal Agent for the benefit of the Community Facilities District and the owners of the Bonds. Pending disbursement, moneys in the Special Tax Fund will be subject to a lien in favor of the Bondowners of the Bonds as established under the Indenture.

Disbursements. Moneys in the Special Tax Fund will be disbursed as needed to pay the obligations of the Community Facilities District in the following priority: (i) an amount up to the Administrative Expense Requirement to pay Administrative Expenses; (ii) amounts required to be deposited into the applicable Accounts in the Bond Service Fund in order to pay debt service on the 2012 Bonds, any parity bonds and any refunding bonds on the next Interest Payment Date; (iii) amounts required to replenish the Reserve Fund to the Reserve Requirement (as defined below) without taking into account the amounts available from the 2007 Surety Bond until such time, if any, as the 2007 Surety Bond then constitutes a Qualified Reserve Fund Credit Instrument; (iv) amounts required to reimburse Ambac Assurance Corporation for any draws on the 2007 Surety Bond; (v) amounts required to fund the Rebate Fund; and (vi) additional amounts required to pay Administrative Expenses. At any time following the deposit of Special Taxes in an amount sufficient to make payment of all of the foregoing deposits for the current Bond Year (as that term is defined in the Indenture), any amounts in excess of such amounts remaining in the Special Tax Fund shall remain on deposit in the Special Tax Fund and shall be subsequently deposited or transferred pursuant to the above provisions; *provided*, *however*, that if the Community Facilities District notifies the Fiscal Agent that the levy of Special Taxes on Developed Property exceeds the Annual Special Tax Requirement (as defined in the Rate and Method) then an amount up to such excess moneys may be paid to the School District to be used to pay for the acquisition, construction, rehabilitation or improvement of School Facilities and related expenses.

Investment. Moneys in the Special Tax Fund will be invested and deposited by the Community Facilities District as described in "Investment of Moneys in Funds" below. Interest earnings and profits resulting from such investment and deposit will be retained in the Special Tax Fund to be used for the purposes thereof.

Bond Service Fund

The Fiscal Agent will hold the Bond Service Fund in trust for the benefit of the Bondowners. Within the Bond Service Fund the Fiscal Agent will create and hold an Interest Account and a Principal Account.

On each Interest Payment Date, the Fiscal Agent will withdraw from the Bond Service Fund and pay to the owners of the Bonds the principal, interest and any premium then due and payable on the Bonds, including any amounts due on the Bonds by reason of the sinking payments or a redemption of the Bonds.

If amounts in the Bond Service Fund are insufficient for the purposes set forth in the preceding paragraph, the Fiscal Agent will withdraw the deficiency from the Reserve Fund to the extent of any funds therein.

Redemption Fund

Moneys in the Redemption Fund shall be set aside and used solely for the purpose of redeeming Bonds in accordance with the Indenture.

Reserve Fund

Due to issues relating to the 2007 Surety Bond described below, in connection with the issuance of the 2010 Bonds, the Community Facilities District deposited from available moneys into the Reserve Fund an amount equal to the amount which may be drawn under the 2007 Surety Bond. In addition, on the date of issuance of the 2012 Bonds, there shall be credited to the Reserve Fund proceeds of the 2012 Bonds in an amount representing the incremental increase in the Reserve Requirement due to the issuance of the 2012 Bonds, so that as of the date of issuance, funds available in the Reserve Fund (without taking into account moneys which may be drawn under the 2007 Surety Bond), equal the Reserve Requirement. The aggregate amount is equal to $11,302,277.89. See APPENDIX E – "Summary of Certain Provisions of the Indenture."

The Indenture authorized the Fiscal Agent to obtain the 2007 Surety Bond in place of fully funding the Reserve Fund and the Indenture requires Ambac Assurance Corporation to consent to draws on the 2007 Surety Bond to pay debt service on any Bonds other than the 2005 Bonds or the 2007 Bonds. Ambac Assurance Corporation has not agreed to a method for allocating cash on deposit in the Reserve Fund used to pay debt service on outstanding Bonds among the 2005 Bonds, 2007 Bonds, 2010 Bonds and 2012 Bonds, and as a result, prior to issuance of the 2010 Bonds, the Community Facilities District deposited additional moneys in the Reserve Fund in an amount equal to the amounts which may be drawn under the 2007 Surety Bond.

Provisions of the Indenture regarding the 2007 Surety Bond are set forth in APPENDIX E hereto.

Moneys in the Reserve Fund shall be used solely for the purpose of (i) making transfers to the Bond Fund to pay the principal of, including mandatory sinking payments, and interest on the Bonds when due, in the event that moneys in the Bond Fund are insufficient therefor or (ii) to the defeasance of the Bonds. In addition, cash amounts, if any, in the Reserve Fund may be applied in connection with an optional redemption or a special mandatory redemption or a defeasance of the Bonds in whole or in part, or when the balance therein equals the principal and interest due on the Bonds to and including maturity, or to pay the principal of and interest due on the Bonds to maturity.

The Reserve Requirement is defined in the Indenture to mean, as of any date of calculation, an amount equal to the least of (i) the then maximum annual debt service on the Bonds, (ii) 125% of the then average annual debt service on the Bonds or (iii) 10% of the initial principal amount of the Bonds, less original issue discount, if any, plus original issue premium, if any.

If Special Taxes are prepaid and a portion of 2012 Bonds are to be redeemed with the proceeds of such prepayment, a proportionate amount in the Reserve Fund (determined on the basis of the principal of such 2012 Bonds to be redeemed and the original principal of such 2012 Bonds) will be applied to the redemption of such 2012 Bonds.

Moneys in the Reserve Fund will be invested and deposited as described in "Investment of Moneys in Funds" below.

See APPENDIX E – "Summary of Certain Provisions of the Indenture" for a description of the timing, purpose and manner of disbursements from the Reserve Fund.

2007 Surety Bond. The Indenture authorizes the Obligor (as defined in the Financial Guaranty Insurance Policy) to provide a surety bond in place of fully funding the Reserve Fund. Accordingly, the 2007 Surety Bond was obtained at the time of issuance of the 2007 Bonds in the amount of $2,958,469.44 for the purpose of funding a portion of the Reserve Fund (see APPENDIX E – "Summary of Certain Provisions of the Indenture" herein).

Under the Indenture, any draw on the 2007 Surety Bond shall be made only after all the funds in the Reserve Fund have been expended. In the event that the amount on deposit in, or credited to, the Reserve Fund, includes amounts available under a letter of credit, insurance policy, surety bond or other such funding instrument (the "Additional Funding Instrument") such as the 2007 Surety Bond, draws on the 2007 Surety Bond and the Additional Funding Instrument shall be made on a pro rata basis to fund the insufficiency. The Indenture provides that the Reserve Fund shall be replenished in the following priority: (i) principal and interest on the 2007 Surety Bond and on any Additional Funding Instrument shall be paid from first available Revenues on a pro rata basis; and (ii) after all such amounts are paid in full, amounts necessary to fund the Reserve Fund to the required level, after taking into account the amounts available under the 2007 Surety Bond and the Additional Funding Instrument, shall be deposited from next available Revenues.

The 2007 Surety Bond does not insure against nonpayment caused by the insolvency or negligence of the Fiscal Agent or the Paying Agent. In addition, the Indenture authorized the Fiscal Agent to obtain the 2007 Surety Bond in place of fully funding the Reserve Fund and the Indenture requires Ambac to consent to draws on the 2007 Surety Bond to pay debt service on any Bonds other than the 2005 Bonds or the 2007 Bonds.

The 2007 Surety Bond constitutes a "Qualified Reserve Fund Credit Instrument" under the Indenture, but due to the downgrading of the long term credit rating of Ambac Assurance Corporation subsequent to the issuance of the 2007 Bonds and due to questions as to allocations of moneys on deposit in the Reserve Fund and moneys derived from a draw on the 2007 Surety Bond among the 2005 Bonds, 2007 Bonds and 2010 Bonds[1] at the time of issuance of the 2010 Bonds, the 2007 Surety Bond would not constitute a Qualified Reserve Fund Credit Instrument if acquired at that time. In light of the changed circumstances in connection with the issuance of the 2010 Bonds, the Community Facilities District deposited from available moneys into the Reserve Fund an amount equal to the amount which may be drawn under the 2007 Surety Bond. In addition, on the date of issuance of the 2012 Bonds, there shall be credited to the Reserve Fund proceeds of the 2012 Bonds in an amount representing the incremental increase in the Reserve Requirement due to the issuance of the 2012 Bonds so that as of the date of issuance of the 2012 Bonds, funds available in the Reserve Fund (without taking into account the amounts available from the 2007 Surety Bond) equal the Reserve Requirement. If at a date in the future the 2007 Surety Bond would constituted a Qualified Reserve Fund Credit Instrument if treated as acquired as of such date, the Community Facilities District may treat the 2007 Surety Bond as a Qualified Reserve Fund Credit Instrument at that time and withdraw moneys from the Reserve Fund.

Administrative Expense Fund

The Fiscal Agent will receive the transfer of Special Taxes from the Community Facilities District from the Special Tax Fund and deposit in the Administrative Expense Fund an amount to pay Administrative Expenses.

Pursuant to the Indenture, moneys in the Administrative Expense Fund will not be construed as a trust fund held for the benefit of the Owners of the Bonds and will not be available for the payment of debt service on the 2012 Bonds.

[1] As indicated above, the 2007 Surety Bond is drawn after moneys in the Reserve Fund have been expended. The agreement between the Community Facilities District and Ambac Assurance Corporation provides that the 2007 Surety Bond covers the 2002 Bonds, 2005 Bond and 2007 Bonds but requires Ambac Assurance Corporation's consent before the 2007 Surety Bond covers the 2010 Bonds and the 2012 Bonds. At the time of issuance of the 2010 Bonds, Ambac Assurance Corporation indicated to the Community Facilities District that it could not consent at that time to the 2007 Surety Bond covering the 2010 Bonds.

School Facilities Fund

The Fiscal Agent will deposit a portion of the proceeds of the 2012 Bonds in the 2012 School Facilities Account of the School Facilities Fund. Moneys in the School Facilities Fund will be disbursed to pay for School Facilities pursuant to a requisition of the Community Facilities District.

Pursuant to the Indenture, moneys in the School Facilities Fund will not be construed as a trust fund held for the benefit of the Owners of the Bonds and will not be available for the payment of debt service on the Bonds.

Investment of Moneys in Funds

Moneys in any fund or account created or established by the Indenture and held by the Fiscal Agent will be invested by the Fiscal Agent in Permitted Investments, as directed by the Community Facilities District, that mature prior to the date on which such moneys are required to be paid out under the Indenture. In the absence of any direction from the Community Facilities District, the Fiscal Agent will invest, to the extent reasonably practicable, any such moneys in money market funds rated "AAm-1" or "AAm-G" by S&P, or better (including those of the Fiscal Agent or its affiliates). See APPENDIX E – "Summary of Certain Provisions of the Indenture" for a definition of "Permitted Investments."

Payment of Rebate Obligation

The Community Facilities District is required to calculate excess investment earnings in accordance with the requirements set forth in the Indenture. If necessary, the Community Facilities District may use amounts in the Special Tax Fund, or amounts on deposit in the Administrative Expense Fund and other funds available to the Community Facilities District (except amounts required to pay debt service on the Bonds) to satisfy rebate obligations.

Parity Bonds; Parity Bonds for Refunding Purposes

Bonds issued on a parity with the 2012 Bonds ("Parity Bonds") may be issued up to the remaining authorization of $1,145,000 or for refunding purposes and subject to specific conditions including that the Community Facilities District must be in compliance with all covenants set forth in the Indenture and any Supplement then in effect and a certificate of the Community Facilities District to that effect will be filed with the Fiscal Agent. See APPENDIX E – "Summary of Certain Provisions of the Indenture."

The aggregate principal amount of the Series 2010 Bonds and all Parity Bonds issued may not exceed $130,000,000; *provided, however*, that, notwithstanding the foregoing, Parity Bonds may be issued at any time to refund Outstanding Bonds where the issuance of such Parity Bonds results in a reduction of Annual Debt Service on all Outstanding Bonds. The amount authorized for Parity Bonds (excluding any refunding bonds) is approximately $1,145,000.

The Indenture requires that as a precondition to the issuance of Parity Bonds that:

a. The Community Facilities District shall be in compliance with all covenants set forth in the Indenture and any Supplemental Indenture then in effect and a certificate of the Community Facilities District to that effect shall have been filed with the Fiscal Agent; *provided, however*, that Parity Bonds may be issued notwithstanding that the Community Facilities District is not in compliance with all such covenants so long as immediately following the issuance of such Parity Bonds the Community Facilities District will be in compliance with all such covenants;

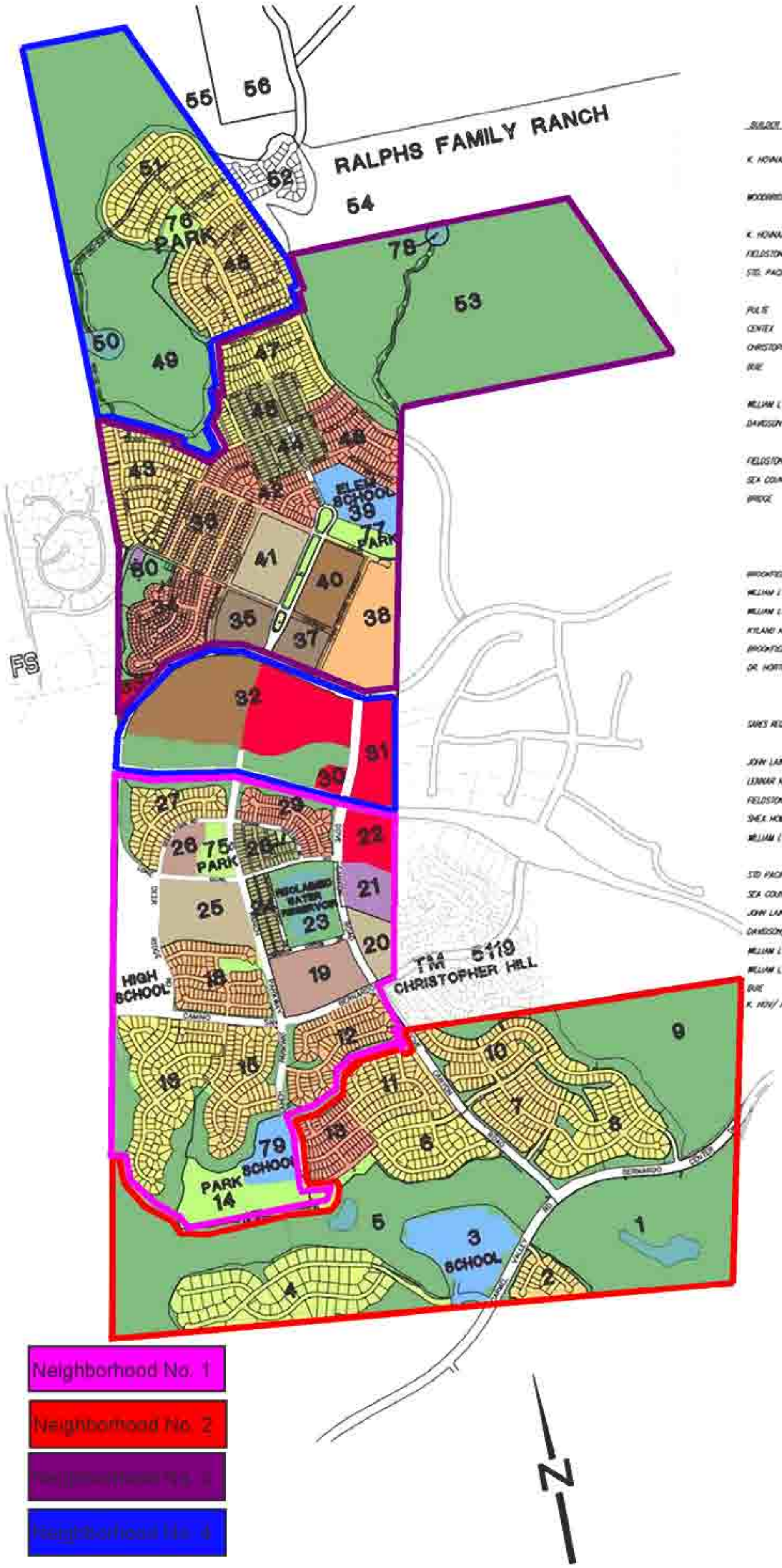
b. The Community Facilities District has received a certificate from one or more Special Tax Consultants which, when taken together, certify that the amount of the maximum Special Taxes that may be levied pursuant to the Rate and Method in each remaining Bond Year based only on the Taxable Property (as such term is defined in the Rate and Method) existing as of the date of such certificate is at least 1.10 times Annual Debt Service for each remaining Bond Year on all Outstanding Bonds theretofore issued and the Parity Bonds proposed to be issued; *provided, however*, there shall be excluded from such calculation the Special Taxes on any parcel then delinquent in the payment of Special Taxes; and provided further that, for purposes of making the certifications required by this paragraph, the Special Tax Consultant may rely on reports or certificates of such other persons as may be acceptable to the Community Facilities District, Bond Counsel and the underwriter of the proposed Parity Bonds;

c. Except in the case of the issuance of Parity Bonds to refund Outstanding Bonds or Parity Bonds, the Community Facilities District has received an Appraisal indicating that (a) the aggregate appraised value of all Taxable Property within the Community Facilities District is not less than three (3) times the aggregate amount of Land Secured Debt (as defined in the Indenture) allocable to such Taxable Property and (b) the aggregate appraised value of all Undeveloped Property within the Community Facilities District is not less than 2.5 times the aggregate amount of Land Secured Debt allocable to such Undeveloped Property; and

d. Such further documents, money and securities as are required by the provisions of the Indenture and the Supplemental Indenture providing for the issuance of such Parity Bonds.

Special Taxes Are Not Within Teeter Plan

The County has adopted a Teeter Plan as provided for in Section 4701 *et seq*. of the California Revenue and Taxation Code, under which a tax distribution procedure is implemented and secured roll taxes are distributed to taxing agencies within the County on the basis of the tax levy, rather than on the basis of actual tax collections. However, by policy, the County does not include assessments, reassessments and special taxes in its Teeter program. The Special Taxes are not included in the County's Teeter Program.



DEVELOPMENT SUMMARY

BUILDER	PLANNING AREA NUMBER	TRACT/USE	MIN LOT SIZE/ ZONE	NO. DU's
	1	OPEN SPACE		–
K. HOVNANIAN	2	SFD	60 x 105	24
	3	MIDDLE SCHOOL		–
WOODBRIDGE HOMES	4	SFD	110 x 120	86
	5	OPEN SPACE		–
K. HOVNANIAN	6	SFD	70 x 105	73
FIELDSTONE COMM	7	SFD	60 x 105	65
STD. PACIFIC	8	SFD	65 x 125	106
	9	OPEN SPACE		–
PULTE	10	SFD	60 x 105	75
CENTEX	11	SFD	60 x 105	75
CHRISTOPHER	12	5067-6	50 x 100	108
BRE	13	SFD	45 x 100	82
	14	PARK		–
WILLIAM LYON HOMES	15	5067-5	60 x 100	123
DAVIDSON	16	5067-4	70 x 100	125
	17	PUMP STATION		–
FIELDSTONE COMM	18	5067-3	56 x 98	103
SEA COUNTRY	19	5266	RV9	133
BRIDGE	20	MF LOW	C34	120
	21	WATER RECLAMATION PLANT		–
	22	COMMERCIAL	C36	–
	23	RECLAIMED WATER RESERVOIR		–
BROOKFIELD HOMES	24	5067-8	50 x 103	34
WILLIAM LYON HOMES	25	5256	RV-12	202
WILLIAM LYON HOMES	26	5258	RV-9	54
RYLAND HOMES	27	5067-1	60 x 100	75
BROOKFIELD HOMES	28	5067-7	50 x 103	46
DR. HORTON	29	5067-2	42 x 100	80
	30	COMMERCIAL	C35	–
	31	COMMERCIAL	C35	–
SARES REGIS/REGENCY CTRS	32	MF/COMMERCIAL	MF18/C34	540
	33	COMMERCIAL	C35	–
JOHN LAING HOMES	34	SFD	45 x 90	133
LENNAR HOMES	35	MF	RM-29	218
FIELDSTONE COMM	36	SFD	50 x 100	127
SHEA HOMES	37	MF	RM-29	140
WILLIAM LYON HOMES	38	MF	RV-14	326
	39	ELEMENTARY SCHOOL		–
STD PACIFIC	40	MF	RV-18	209
SEA COUNTRY	41	SFD	RV-12	136
JOHN LAING HOMES	42	SFD	42 x 100	96
DAVIDSON/STD PACIFIC	43	SFD	60 x 105	131
WILLIAM LYON HOMES	44	SFD	50 x 103	60
WILLIAM LYON HOMES	45	SFD	50 x 103	60
BRE	46	SFD	45 x 90	101
K. HOV/ FIELDSTONE	47	SFD	50 x 100	134
	48	SFD	60 x 100	175
	49	OPEN SPACE		–
	50	WATER TANK		–
	51	SFD	70 x 100	114
	52	SFD (RALPHS)		25
	53	OPEN SPACE		–
	75	PARK		–
	76	PARK		–
	77	PARK		–
	78	WATER TANK		–
	79	SCHOOL		–
	80	OPEN SPACE/DETENTION BASIN		–
	80	PUMP STATION		–
	64	RALPHS FAMILY RANCH (NOT SHOWN)		11
		TOTAL		4,505

AUGUST 10, 2005

NOLTE

BEYOND ENGINEERING

4S Ranch

4S RANCH

MASTER DEVELOPMENT PLAN

N: \SD0355\CADD\13\ET_MTM.DWG

COMMUNITY FACILITIES DISTRICT NO. 6 (4S RANCH)

General Information

The Community Facilities District is located in the unincorporated area of the County approximately 23 miles north of downtown San Diego and approximately 10 miles inland from the Pacific Ocean and the coastal cities of Del Mar, Encinitas and Solana Beach. The project is located approximately 8 miles east of Interstate 5 and approximately 2 miles west of Interstate 15. The Community Facilities District lies within the area of the new master-planned community known as "4S Ranch" and is part of the specific plan area known as "4S Ranch." The Community Facilities District is an extension of the on-going development of the community of Rancho Bernardo. The Community Facilities District is comprised of approximately 2,888 gross acres (approximately 500 net residential acres) of rolling terrain with slopes and knolls within 4S Ranch. A map of the 4S planning areas is provided on the preceding page. Certain planning areas on the 4S Ranch Planning Area map are not a part of the Community Facilities District.

The Community Facilities District is within 4S Ranch. 4S Ranch is bordered on the south by Black Mountain Ranch and Rancho Peñasquitos, to the west by the Santa Fe Valley Specific Planning Area and Del Sur, to the northwest by the Santa Fe Lakes project, and to the east by Rancho Bernardo Road. Rancho Bernardo Road and Camino Del Norte bisect 4S Ranch east to west. State Route 56 extends from Interstate 5 to Interstate 15, and is located approximately 2 miles south of 4S Ranch. The area is bounded on the east by completed Rancho Bernardo subdivisions and on the north, east and west by undeveloped property.

The residential land uses in the 4S Ranch Specific Plan are arranged around a mixed-use district which is located in the central portion of the community north of Camino Del Norte. The mixed-use district is approximately 52 net commercial acres, of which 22 are proposed for residential use and serves the 4S Ranch community as well as existing and planned neighborhoods west of Interstate 15. The residential areas include Neighborhoods One and Two located to the south of the mixed-use district, and Neighborhoods Three and Four located north of the mixed-use district. The mixed-use district is part of Neighborhood Four as described in the master development plan. Rancho Bernardo Road, Ralphs Ranch Road and 4S Ranch Parkway will provide the primary access to Neighborhoods Three and Four. Neighborhoods close to the mixed-use district are higher density containing a mixture of single-family and multi-family units. Neighborhoods further to the north and south are lower density single-family units.

The Neighborhoods

- *Neighborhood One* is within the Community Facilities District but is not encompassed by any Improvement Area. Neighborhood One is complete within 4S Ranch and is approximately 145 net residential acres in size and includes a total of approximately 1,083 Detached Units and 120 Affordable Units. Neighborhood One also includes a neighborhood park, a 10-acre elementary school site and the water reclamation facility serving the project.

- *Neighborhood Two,* which is coterminous with the boundaries of Improvement Area A, is approximately 141 net residential acres located south of Neighborhood One. Neighborhood Two is complete and includes approximately 565 Detached Units, a 23-acre middle school and a 22-acre community park. Bernardo Center Drive/Carmel Valley Road passes through this Neighborhood. The central portion of Neighborhood Two includes the Lusardi Creek Natural Park, which is a major open-space corridor comprising approximately 161 gross acres.

- *Neighborhood Three,* which is coterminous with the boundaries of Improvement Area B, is located north of the mixed-use district and is approximately 182 net residential acres. Neighborhood Three is nearly complete, with seven completed homes in Silhouette still owned by the builder, EJL Homes LLC, and include approximately 1,102 Detached Units and approximately 763 Attached Units. Neighborhood Three also includes a 10-acre elementary school and an approximately 5-acre neighborhood park.

- *Neighborhood Four* is the northern portion of Improvement Area C located north of Neighborhood Three. The northern portion of Neighborhood Four, includes a small neighborhood park, as well as natural open space areas located north, east and west of Parcel 48 (described below as Andalusia) proposed for approximately 288 single-family units. As of March 1, 2012, 159 Detached Units have been completed and sold to individual owners, 19 Detached Units have been completed (of which 10 are model homes), 13 Detached Units are under construction and building permits have been issued with respect to 35 vacant lots in Neighborhood Four.

- *The mixed use district located in the central portion of the community* is the southern portion of Improvement Area C and is located south of Neighborhood Three and north of Neighborhood Two. The mixed use district includes approximately 52 acres in the 4S Commons (PA 32) area of which a portion is currently zoned for commercial use and approximately 22 of such 52 acres is an apartment complex of approximately 540 units, 519 of which are Attached Units and 21 of the apartments are Affordable Units. The owner of the apartment complex prepaid the Special Tax for all units except the Affordable Units.

Drainage is and will be within master-planned facilities throughout the community. Neighborhood One is generally above grade of Camino Del Norte, and then gradually sloping down to the south into Neighborhood Two. Neighborhoods Three and Four have a gradual slope up to the north. None of the developable areas in 4S Ranch are within a 100-year flood plain.

4S Ranch Specific Plan. The 4S Ranch Specific Plan (the "Specific Plan") was adopted by the Board of Supervisors of the County in November, 1998. The Community Facilities District is in an unincorporated area of the County and is not currently within the sphere of influence of any existing city. The 4S Ranch Specific Plan provided direction for future development of the property located within the Community Facilities District. 4S Ranch is expected to ultimately include over 4,000 dwelling units, schools, neighborhood parks, an employment center, a commercial and industrial property and approximately 1,612 acres of open space designated as Multiple Species Habitat Conservation Plan (MSHCP) Preserve.

Utility services for parcels in the Community Facilities District are provided by San Diego Gas & Electric (gas and electricity), the Olivenhain Municipal Water District (water and sewage), Cox Communications and Time Warner (cable), and Pacific Bell Telephone (telephone). Waste Management and EDCO provide refuse service.

Authority for Issuance

The 2012 Bonds are issued pursuant to the Act and the Indenture. In addition, as required by the Act, the Board of Education of the School District has taken the following actions with respect to establishing the Community Facilities District and authorizing issuance of the 2012 Bonds:

Resolutions of Intention: On February 17, 1998, the Board of Education adopted Resolution No. 63-98 stating its intention to establish the Community Facilities District and to authorize the levy of a special tax therein pursuant to a separate Rate and Method of Apportionment of Special Tax for the Community Facilities District. On the same day the Board of Education adopted Resolution No. 64-98 stating its intention to incur bonded indebtedness in an amount not to exceed $130,000,000 with respect to the Community Facilities District. The Community Facilities District No. 6 Rate and Method will finance School Facilities. See “FINANCING PLAN – School Facilities” herein.

Resolution of Formation: Immediately following a noticed public hearing on March 24, 1998, the Board of Education adopted Resolution No. 74-98-A (the “Resolution of Formation”), which established the Community Facilities District, established the Rate and Method and authorized the levy of a special tax within the Community Facilities District pursuant to the Rate and Method of Apportionment.

Resolution of Necessity: On March 24, 1998 the Board of Education adopted Resolution No. 75-98-A declaring the necessity to incur bonded indebtedness in an amount not to exceed $130,000,000 with respect to the Community Facilities District and submitting the proposition to the qualified electors of the Community Facilities District.

Landowner Election and Declaration of Results: On March 24, 1998, an election was held within the Community Facilities District, in which the landowners eligible to vote (4S Kelwood), being the qualified electors, approved the ballot proposition authorizing the issuance of up to $130,000,000 in bonds to finance the acquisition and construction of the School Facilities. The qualified electors within the Community Facilities District also approved the levy of a special tax in accordance with the Rate and Method and the establishment of an appropriations limit for the Community Facilities District.

On March 24, 1998, the Board of Education adopted Resolution No. 77-98-A pursuant to which the Board of Education approved the canvass of the votes.

Special Tax Lien and Levy: Notice of Special Tax Lien for the Community Facilities District was recorded in the real property records of San Diego County on March 27, 1998.

Ordinance Levying Special Taxes: On April 13, 1998, the Board of Education adopted an Ordinance No. 98-6 levying the Special Tax within the Community Facilities District.

Resolution Authorizing Issuance of the 2012 Bonds: On April 16, 2012, the Board of Education adopted Resolution No. 37-2012, approving issuance of the 2012 Bonds.

Special Tax Collections

The Special Tax on Developed Property authorized for the 2011-12 Fiscal Year in the Community Facilities District was $8,541,230.34 which was levied against 3,645 parcels. Of those parcels, 129 had not paid the second installment of Special Taxes as of April 30, 2012. For the Fiscal Year 2011-12, no Special Taxes were levied on Undeveloped Property. The Special Tax on Developed Property authorized for the 2012-13 Fiscal Year in the Community Facilities District is estimated to be $8,967,380.82 to be levied against 3,727 parcels.

According to the Special Tax collection data provided by the County, as of April 30, 2012, delinquencies in the payment of the Fiscal Year 2011-12 special taxes and *ad valorem* taxes for the Community Facilities District generally were more than the Fiscal Year 2010-11 delinquencies, and lower than Fiscal Year 2007-08, Fiscal Year 2008-09 and Fiscal Year 2009-10 delinquencies.

Table 4 below sets forth the Special Tax collections for Fiscal Years 2006-07 through the second installment of Fiscal Year 2011-12, all of which was levied on Developed Property.

Table 4
Poway Unified School District
Community Facilities District No. 6 (4S Ranch)
Special Tax Collections(1)
(As of June 30 of the applicable Fiscal Year)

	Subject Fiscal Year					April 30, 2012		
Fiscal Year Ending June 30	**Aggregate Special Tax**	**Total Special Taxes Collected**	**Parcels Delinquent**	**Fiscal Year Amount Delinquent**	**Fiscal Year Delinquency Rate**	**Remaining Parcels Delinquent**	**Remaining Amount Delinquent**	**Remaining Delinquency Rate**
2007	$5,256,325.64	$5,111,273.68	91	$145,051.96	2.76%	0	$0.00	0.00%
2008	6,652,933.90	6,371,257.89	172	281,676.01	4.23	0	0.00	0.00
2009	7,412,148.40	7,145,058.61	155	267,089.79	3.60	2	4,906.56	0.07
2010	7,559,391.32	7,352,168.38	110	207,222.94	2.74	3	6,192.97	0.08
2011	8,073,732.82	7,993,414.69	46	80,318.13	0.99	14	26,710.03	0.33
2012(2)	8,541,230.34	8,361,491.08	129	179,739.26	2.10	129	179,739.26	2.10

(1) Delinquency information is provided to the School District by the County of San Diego as of April 30, 2012.
(2) Information reflects second installment delinquency information from the County of San Diego.

Source: Dolinka Group, LLC.

Property Ownership

Based on the assessed value analysis portion of the Assessed Value Analysis and Summary Appraisal Report, as of March 1, 2012, there were approximately 3,511 homes in Neighborhoods One through Three subject to the Special Tax, 3,504 of which had been completed and sold and 7 of which have been completed but are still owned by the builder, EJL Homes LLC. Six (6) additional homes for which the Special Taxes have been prepaid were excluded from the Assessed Value Analysis.

Based on the summary appraisal portion of the Assessed Value Analysis and Summary Appraisal Report, as of March 1, 2012, there were approximately 178 homes completed in Neighborhood Four subject to the Special Tax. (There are 29 homes that have been completed but for which Special Taxes have been prepaid and such homes are not included in the Assessed Value Analysis and Summary Appraisal Report.) In addition, a portion of the Developed Property levy will relate to 48 lots for which building permits were issued as of January 1, 2012, 13 of which had homes under construction as of March 1, 2012. The allocation of Developed Property will increase as more permits are issued before January 1 of each year, which is the date when property is considered Developed Property according to the Rate and Method of Apportionment. The following table sets forth the top taxpayers in Fiscal Year 2012-13 based on the County Assessor's roll ownership information as of January 1, 2011.

Table 5
Poway Unified School District
Community Facilities District No. 6 (4S Ranch)
Top Owners of Taxable Property and
Allocation of Special Tax Liability
Fiscal Year 2012-13

Merchant Builder and/or Property Owner Name[(1)]	Number of Parcels	Total Special Tax Amount	Percent Share of Total Special Taxes[(2)]
Pulte Home Corporation	53	$116,930.56	1.30%
C W V 94, LLC (California West Communities)	19	58,117.12	0.65
EJL Homes, LLC (John Laing Homes)	7	20,930.56	0.23
Hickerson Living 2998	3	8,281.80	0.09
Gao Wenqi/wang Ying	2	5,849.68	0.07
Gaikwad Rohit V & Smita R	2	5,628.52	0.06
Su Jing	2	5,614.88	0.06
Li Xiaoming/jin Meilan	2	5,614.88	0.06
Zuo Songlin/qi Jinhong	2	5,614.88	0.06
Huynh Jack 05-08-09/cha-ling Family	2	5,614.88	0.06
Chou Yisheng/lau Zuzu Yuk	2	5,541.48	0.06
Situ Longshou/nie Zhe	2	5,527.84	0.06
Gao Yan/jan Yumei	2	5,527.84	0.06
Ni Shouzhong/hi Xiaofang	2	5,523.84	0.06
Luangviseth Ty & Talisa	2	5,323.96	0.06
Razon Family	2	5,323.96	0.06
F C J R Family 12-16-06	2	5,323.96	0.06
Le Diana	2	5,323.96	0.06
Jong	2	5,323.96	0.06
Wei Longyin/ke Zhi	2	5,310.32	0.06
Total[(3)]	114	$292,248.68	3.26%

(1) Ownership information is based on the Dataquick information as of March 15, 2012.
(2) The Fiscal Year 2012-13 Special Tax levy is estimated to be $8,967,390.82.
(3) Totals may not add due to rounding.

Source: Dolinka Group, LLC.

Mortgage Study

A mortgage study with respect to the property within the Community Facilities District, dated March 10, 2012 (the "Mortgage Study"), was prepared by Empire Economics, Inc., Capistrano Beach, California (the "Mortgage Consultant"), in connection with issuance of the 2012 Bonds. The purpose of the Mortgage Study was to provide a review of the mortgage loan characteristics of the current homeowners within the Community Facilities District as well as to estimate the current amounts of their equity. The Mortgage Study reviews mortgage loan characteristics for 3,502 of the homes in the Community Facilities District for which the Mortgage Consultant was able to obtain data necessary for the analysis.

The Mortgage Study notes that the projects in the Community Facilities District have marketed their products during the May 2001 to current time period and the analysis of the price trends for homes in the Community Facilities District revealed that housing prices declined by an average of 22% from the peak level that occurred during 2006. However, the original loan to value ratios averaged 73%. For all of the homeowners reviewed in the Mortgage Study, as a whole the homeowners have a positive equity of approximately 17%. Approximately 2,365 of the homeowners reviewed in the Mortgage Study have an average positive equity of approximately 32%, or an average of approximately $190,297. Approximately 1,137 homeowners reviewed in the Mortgage Study with negative equity have an average negative equity of approximately 18% or an average of approximately $91,325. See "APPENDIX D – Mortgage Study."

Neither the Community Facilities District nor the School District makes any representation as to the accuracy or completeness of the Mortgage Study. The Mortgage Study is attached as APPENDIX D and should be reviewed in its entirety.

The statutory lien that secures payment of Special Taxes levied on parcels of taxable property within the Community Facilities District is superior to mortgage liens.

Assessed Value Analysis and Summary Appraisal Report – Assessed Values and Appraised Property Values

An analysis of assessed values by an MAI appraiser of the completed homes within Neighborhoods One through Three and an appraisal of the completed homes, homes under construction and vacant lots within Neighborhood Four of the Community Facilities District dated April 6, 2012 (the "Assessed Value Analysis and Summary Appraisal Report"), was prepared by Stephen G. White, MAI of Fullerton, California (the "Appraiser"), in connection with the issuance of the 2012 Bonds. The purpose of the assessed value analysis of the homes in Neighborhoods One through Three was to consider the total and the average assessed values, which are as of January 1, 2011, for the pertinent parcels in Neighborhoods One through Three. In addition, the range and average of the percentage variance from sale prices to assessed value is calculated for homes in Neighborhoods One through Three where a closed sale has occurred since January 1, 2011, or pending sales existed as of the March 1, 2012, date of value. The total of the assessed values for Neighborhoods One through Three is $2,098,518,722.

The purpose of the appraisal of Neighborhood Four was to estimate the market value of only the properties within Neighborhood Four that consisted of completed homes, homes under construction and vacant lots for which building permits had been issued as of March 1, 2012, as segregated into four different product types of homes. The Assessed Value Analysis and Summary Appraisal Report is subject to a number of assumptions and limiting conditions. Subject to these assumptions and limiting conditions, as of March 1, 2012, the Appraiser estimated that the aggregate market value of the completed sold homes (159 homes), completed unsold homes (19 homes, of which 10 are model homes and 9 are production homes), homes under construction (13 homes) and vacant lots for which building permits have been issued (35 lots) within Neighborhood Four was $143,655,000. The combined total aggregates

$2,242,173,722. See, APPENDIX C – "Assessed Value Analysis and Summary Appraisal Report" appended hereto for further information on the Assessed Value Analysis and Summary Appraisal Report, for limiting conditions relating to the Assessed Value Analysis and Summary Appraisal Report. See "COMMUNITY FACILITIES DISTRICT NO. 6 (4S RANCH) – Direct and Overlapping Debt" for information relating to overlapping indebtedness. The Assessed Value Analysis and Summary Appraisal Report information is summarized as follows:

Neighborhood/ Merchant Builder[1]	Planning Area/Status	Product Type Name	No. of Homes[2]	Assessed Value/ Appraised Value
Neighborhood One- Ind. Owners	Built out	[3]	1,082	$667,344,011
Neighborhood Two- Ind. Owners	Built out	[3]	564	460,084,468
Neighborhood Three- Ind. Owners	Built out	[3]	1,865	971,090,243
Sub-Total Assessed Value			3,511	$2,098,518,722
Neighborhood Four				
Pulte Homes	Individual owners	The Pines	15 [2]	$10,275,000
Pulte Homes	Builder homes/lots with building permits	The Pines	23 [2]	9,385,000
California West Communities	Individual owners	The Willows	13 [2]	9,880,000
California West Communities	Builder homes/lots with building permits	The Willows	25 [2]	10,265,000
ELJ	Built out	Monteluz	60	45,600,000
California West Communities	Individual owners	Andalusia	71	48,280,000
California West Communities	Builder homes/lots with building permits	Andalusia	19 [2]	9,970,000
Sub-Total			226	$143,655,000
Total Neighborhoods One through Four:			3,737 [4]	$2,242,173,722

(1) For convenience of reference, this table uses common builder names. In many cases, the landowner and/or Merchant Builder is a separate limited liability company or other entity. No affordable units are included in the information presented.

(2) Of the 23 builder homes/lots with building permits in The Pines, the builder owned three completed model homes and three completed production homes, three production homes were under construction and building permits were issued with respect to 14 vacant lots. Of the 25 builder homes/lots with building permits in The Willows, the builder owned three completed model homes and one completed production home and building permits were issued with respect to 21 vacant lots. Of the 19 builder homes/lots with building permits in Andalusia, the builder owned four completed model homes and five completed production homes and ten production homes were under construction.

(3) See APPENDIX C – "Assessed Value Analysis and Summary Appraisal Report."

(4) Ten homes will not be subject to the levy of Special Taxes until Fiscal Year 2013-14 because the permits were issued after January 1, 2012, the date at which parcels are Developed Property under the Rate and Method for Fiscal Year 2012-13.

The aggregate assessed and market value of $2,242,173,722 for the 3,689 completed homes, 13 homes under construction and 35 lots for which building permits have been issued valued in the Assessed Value Analysis and Summary Appraisal Report results in an estimated value-to-lien ratio of 12.09 to 1 with respect to the Community Facilities District, calculated with respect to all direct and overlapping tax and assessment bonds as presented in Table 6 in the section entitled " – Value-to-Lien Ratios" below as of the estimated date of issuance of the 2012 Bonds. The value-to-lien ratio of individual parcels will differ from the foregoing aggregate values. The foregoing value-to-lien estimate excludes the value of the Undeveloped Property in Neighborhood Four. Based on estimated debt service on the Bonds and the number of building permits issued as of January 1, 2012, the Community Facilities District did not levy a Special Tax in Fiscal Year 2012-13 on Undeveloped Property. The foregoing value-to-lien estimate does include the overlapping indebtedness incurred, or expected to be incurred, with respect to two of the three Improvement Areas which generally correspond to Neighborhood Two (Improvement Area A), and Neighborhood Three (Improvement Area B). The foregoing value-to-lien estimate does not include the overlapping indebtedness expected to be incurred in the future (anticipated to be during the final quarter of 2012) with respect to Neighborhood Four (Improvement Area C). (Approximately 14 acres adjacent to Neighborhood Four encompassing approximately 25 proposed Detached Units are not within the proposed boundaries of Improvement Area C.)

Additional bonds may be issued in the future by the Community Facilities District, and such issuance will affect the lien of the Community Facilities District. The value-to-lien ratio of individual parcels will differ from the foregoing aggregate value.

See "SECURITY FOR THE 2012 BONDS – Rate and Method," "COMMUNITY FACILITIES DISTRICT NO. 6 (4S RANCH) – Direct and Overlapping Debt" and "BONDOWNERS' RISKS – Appraised Values" herein and APPENDIX C – "Assessed Value Analysis and Summary Appraisal Report" appended hereto for further information on the Assessed Value Analysis and Summary Appraisal Report, for limiting conditions relating to the Assessed Value Analysis and Summary Appraisal Report and for information relating to overlapping indebtedness.

The School District makes no representation as to the accuracy or completeness of the Assessed Value Analysis and Summary Appraisal Report. See APPENDIX C hereto for more information relating to the Assessed Value Analysis and Summary Appraisal Report.

Value-to-Lien Ratios

Because the Assessed Value Analysis and Summary Appraisal Report data is not available on a lot by lot basis, Tables 6 and 7 below set forth Value-to-Lien category ranges for the 3,727 parcels subject to the levy of Special Taxes in Fiscal Year 2012-13 utilizing the assessed values of $2,238,773,722 as of January 1, 2011, which value includes all of the 3,689 completed homes reviewed in the Assessed Value Analysis and Summary Appraisal Report, plus the assessed value for the 13 homes under construction and 25 of the 35 lots for which building permits had been issued as of March 1, 2012.

Table 6
Poway Unified School District
Community Facilities District No. 6 (4S Ranch)
Value-to-Lien Analysis

CFD No. 6[(3)]

Neighbor-hood	Impr. Area	Number of Parcels	FY 2012-13 Special Taxes[(1)]	Total Estimated Assessed Value[(2)]	Existing Debt	Proposed Debt	Improvement Area Debt[(4)]	Additional Land Secured Debt[(5)]	Total Lien	Value-to-Lien[(6)]
One	N/A	1,082	$2,743,158	$667,344,011	$26,978,461	$12,274,112	$0	$592,086	$39,844,660	16.75:1
Two	IA A	564	1,459,604	460,084,468	14,354,910	6,530,905	18,585,000	435,126	39,905,941	11.53:1
Three	IA B	1,865	4,102,146	971,090,243	40,343,853	18,354,827	29,316,864	1,008,272	89,023,816	10.91:1
Four	IA C	216	662,482	140,255,000	3,912,775	1,780,155	8,966,652	131,527	14,791,110	9.48:1
Total[(7)]	NA	3,727	$8,967,391	$2,238,773,722	$85,590,000	$38,940,000	$56,868,516	$2,167,011	$183,565,527	12.20:1

(1) The Special Taxes shown reflect Developed Property as of January 1, 2012, as confirmed by Dolinka Group, LLC with the County of San Diego.
(2) Source: Assessed Value Analysis & Summary Appraisal Report, dated April 6, 2012.
(3) Debt has been allocated based on current development; actual allocation may vary based on future development.
(4) The Improvement Area Debt for Improvement Area B excludes $23,136 in overlapping debt, which is based on the exclusion of one parcel that has prepaid its Improvement Area B Special Tax obligation. The Improvement Area Debt for Improvement Area C is based on a projected bond issuance in fall of 2012 in the estimated amount of $9,490,000 and excludes $523,348 in overlapping debt, which is based on the exclusion of nine (9) parcels that have prepaid their Improvement Area C Special Tax obligation.
(5) Source: Detailed Direct and Overlapping Debt Report provided by National Tax Data, Inc.; debt has been proportionately allocated to all parcels based on the Fiscal Year 2011-12 assessment. The Additional Land Secured Debt amount excludes $264,569, which is based on the exclusion of parcels classified as Exempt or Undeveloped Property in Fiscal Year 2011-12.
(6) Average value-to-lien per Lot; actual value-to-lien may vary by Lot.
(7) Total may not sum due to rounding.

Source: Dolinka Group, LLC.

Table 7
Poway Unified School District
Community Facilities District No. 6 (4S Ranch)
Combined Assessed Value and Value-to-Burden Ratio

Value-to-Lien Category	Number of Parcels	Combined Overlapping Liens(1)	Fiscal Year 2011-12 Taxable Property Assessed Value(2)	Combined Value-to-Lien Burden Ratio	Fiscal Year 2012-13 Special Tax(3)	Percentage Share of Special Tax
15:1 and above	1,019	$34,697,508	$666,815,844	19.22:1	$2,093,570.72	24.54%
10:1 to 15:1	2,016	100,790,181	1,161,119,631	11.52:1	4,548,657.44	53.31
7:1 to 10:1	582	37,709,395	351,478,060	9.32:1	1,575,520.94	18.47
5:1 to 7:1	78	8,426,753	53,865,163	6.39:1	225,007.24	2.64
3:1 to 5:1	9	497,285	1,703,837	3.43:1	22,594.52	0.29
3:1 and below(4)	23	1,444,405	3,791,187	2.62:1	64,751.40	0.76
Total(5)	3,727	$183,565,527	$2,238,773,722	12.20:1	$8,532,102.26	100.00%

(1) See "Direct and Overlapping Debt" below for a description of overlapping liens; the combined overlapping liens include the 2012 Bonds.
(2) Source: Assessed Value Analysis and Summary Appraisal Report, dated April 6, 2012.
(3) The Special Taxes shown reflect Developed Property as of January 1, 2012, as confirmed by Dolinka Group, LLC with the County of San Diego.
(4) These 23 parcels are comprised of (i) 18 units that are still under construction, and (ii) five (5) units where the property tax base was transferred from a previous parcel pursuant to Proposition 13.
(5) Totals may not sum due to rounding.

Source: Dolinka Group, LLC.

Direct and Overlapping Debt

Table 8 below sets forth the existing authorized indebtedness payable from taxes and assessments that may be levied within the Community Facilities District prepared by National Tax Data, Inc. and prepared during April 2012 (the "Debt Report"). The Debt Report is included for general information purposes only. In certain cases, the percentages of debt calculations are based on assessed values, which will change significantly as sales occur and assessed values increase to reflect housing values. The Community Facilities District believes the information is current as of its date, but makes no representation as to its completeness or accuracy. Other public agencies, such as the County, may issue additional indebtedness at any time, without the consent or approval of the School District or the Community Facilities District and the Community Facilities District expects to issue additional debt secured by special taxes on Developed Property in the future. See " – Overlapping Direct Assessments" below.

The Debt Report generally includes long term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the Community Facilities District in whole or in part. Such long term obligations generally are not payable from property taxes, assessment or special taxes on land in the Community Facilities District. In many cases long term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency. Additional indebtedness could be authorized by the School District, the County or other public agencies at any time.

The Community Facilities District has not undertaken to commission annual appraisals of the market value of property in the Community Facilities District for purposes of its Annual Reports pursuant to the Continuing Disclosure Agreement, and information regarding property values for purposes of a direct and overlapping debt analysis which may be contained in such reports will be based on assessed values as determined by the County Assessor. See APPENDIX F hereto for the form of the Community Facilities District Continuing Disclosure Agreement.

Table 8
Community Facilities District No. 6 (4S Ranch)
of the Poway Unified School District

I. Assessed Value

2011-2012 Secured Roll Assessed Value	**$2,456,685,790**

II. Secured Property Taxes

Description on Tax Bill	Type	Total Parcels	Total Levy	% Applicable	Parcels	Levy
Basic Levy	PROP13	960,202	$3,661,027,975	0.66254%	3,860	$24,255,866.26
Voter Approved Debt	VOTER	959,996	$329,883,677	0.12896%	3,860	$425,405.51
County of San Diego Service Area No. 17 (Emergency Medical)	CSA	50,137	$1,366,988	7.68498%	3,312	$105,052.80
County of San Diego Service Area No. 83 (Park Maintenance)	OPENSPACE	4,943	$496,132	76.07713%	3,791	$377,443.00
County of San Diego Street Lighting, Zone A	LLMD	96,702	$718,513	4.19643%	3,491	$30,151.92
County of San Diego Vector Control, Zone B	VECTOR	359,853	$750,258	1.17304%	3,860	$8,800.80
County of San Diego Vector Disease Control	VECTOR	946,116	$5,250,492	0.38521%	3,860	$20,225.44
Metropolitan Water District of Southern California Standby Charge	STANDBY	24,709	$403,970	12.58979%	3,640	$50,859.02
Metropolitan Water District of Southern California Standby Charge	STANDBY	19,079	$306,321	0.00375%	1	$11.50
Olivenhain Municipal Water District AD No. 96-1	1915	22,976	$1,406,519	15.67750%	3,831	$220,507.08
Olivenhain Municipal Water District Sewer Charge	SEWER	4,737	$3,713,156	73.14427%	3,789	$2,715,961.20
Olivenhain Municipal Water District Water Standby Charge	STANDBY	67	$7,100	100.00000%	67	$7,100.00
Palomar Pomerado Health GOB 2004	GOB	188,744	$13,977,186	4.07821%	3,860	$570,018.45
Poway Unified School District CFD No. 6	CFD	3,984	$8,543,913	100.00000%	3,645	$8,543,913.36
Poway Unified School District CFD No. 6, Impv Area A	CFD	607	$1,436,557	100.00000%	564	$1,436,556.80
Poway Unified School District CFD No. 6, Impv Area B	CFD	1,896	$2,483,784	100.00000%	1,866	$2,483,784.08
Poway Unified School District CFD No. 6, Impv Area C	CFD	321	$387,245	100.00000%	169	$387,244.80
Rancho Santa Fe Fire Protection District Special Tax	FIRE	12,274	$1,011,280	25.26501%	3,858	$255,500.00
San Diego County Water Authority Standby Charge	STANDBY	24,938	$352,563	13.16549%	3,860	$46,416.60
2011-2012 TOTAL PROPERTY TAX LIABILITY						**$41,940,818.62**
TOTAL PROPERTY TAX LIABILITY AS A PERCENTAGE OF 2011-2012 ASSESSED VALUATION						**1.71%**

III. Land Secured Bond Indebtedness

Outstanding Direct and Overlapping Bonded Debt	Type	Issued	Outstanding	% Applicable	Parcels	Amount
Olivenhain Municipal Water District AD No. 96-1	1915	$22,530,000	$15,510,000	15.67750%	3,831	$2,431,580
Poway Unified School District CFD No. 6	CFD	$112,990,000	$109,405,000	100.00000%	3,645	$109,405,000
Poway Unified School District CFD No. 6, Impv Area A	CFD	$18,000,000	$18,585,000	100.00000%	564	$18,585,000
Poway Unified School District CFD No. 6, Impv Area B	CFD	$30,000,000	$29,340,000	100.00000%	1,866	$29,340,000
Poway Unified School District CFD No. 6, Impv Area C	CFD	$0	$0	100.00000%	169	$0
TOTAL LAND SECURED BOND INDEBTEDNESS (1)						**$159,761,580**
TOTAL OUTSTANDING LAND SECURED BOND INDEBTEDNESS (1)						**$159,761,580**

IV. General Obligation Bond Indebtedness

Outstanding Direct and Overlapping Bonded Debt	Type	Issued	Outstanding	% Applicable	Parcels	Amount
Metropolitan Water District of Southern California GOB 1966	GOB	$850,000,000	$225,335,000	0.11882%	3,860	$267,754
Palomar Community College District GOB 2006	GOB	$334,998,901	$321,028,901	2.76694%	3,860	$8,882,664
Palomar Pomerado Health GOB 2004	GOB	$495,999,997	$476,863,204	4.06382%	3,860	$19,378,867
TOTAL GENERAL OBLIGATION BOND INDEBTEDNESS (1)						**$28,529,286**
TOTAL OUTSTANDING GENERAL OBLIGATION BOND INDEBTEDNESS (1)						**$28,529,286**

TOTAL OF ALL OUTSTANDING AND OVERLAPPING BONDED DEBT	**$188,290,865.86**
VALUE TO ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT	**13.05:1**

(1) Additional bonded indebtedness or available bond authorization may exist but are not shown because a tax was not levied for the referenced fiscal year.

Source: National Tax Data, Inc.

Tables 9 through 12 below set forth estimated Fiscal Year 2011-12 overall tax rates projected to be applicable to a Detached Unit or Attached Unit in each of the indicated neighborhoods. The tables also set forth those entities with fees, charges, *ad valorem* taxes and special taxes regardless of whether those entities have issued debt.

Table 9
Community Facilities District No. 6 (4S Ranch)
of the Poway Unified School District
Estimated Fiscal Year 2011-12 Tax Rates
Neighborhood One
(Detached Units with 4,005 sq. ft.)

Assessed Valuations and Property Taxes			
Estimated Assessed Valuation [(1)]	$790,000		
Homeowner's Exemption	(7,000)		
Net Assessed Value [(2)]	$783,000		
***Ad Valorem* Property Taxes**		Percent of Total AV	Projected Amount [(3)]
General Purposes		1.00000%	$7,830.00
Ad Valorem Tax Overrides[(3)]			
Palomar Pomerado Debt Service		0.02350%	184.00
Palomar Community College Debt Service		0.01384%	108.36
Metropolitan Water District Debt Service		0.00370%	28.98
Total *Ad Valorem* Property Taxes		1.04104%	$8,151.34
Assessments, Special Taxes and Parcel Charges[(3)(4)]			
Poway Unified School District CFD No. 6			$2,473.98
Olivenhain Municipal Water District Sanitation (4S Ranch)			723.00
County of San Diego CSA 83 Zone A Park Maintenance			109.06
Olivenhain Municipal Water District Assessment District No. 96-1			50.02
Rancho Santa Fe Fire District Special Tax			50.00
County of San Diego CSA 17 Emergency Ambulance Service			26.46
MWD Water Standby Charge			11.50
San Diego County CWA Water Availability Standby Charge			10.00
San Diego County Street Light Zone A			6.48
County of San Diego Mosquito/Disease Control			5.86
County of San Diego Mosquito/Rat Control			2.28
Total Assessment Special Taxes and Parcel Charges			$3,468.64
Projected Total Property Taxes			$11,619.98
Projected Total Effective Tax Rate			1.47%

(1) Fiscal Year 2011-12 assessed valuation for a single family detached residential unit with 4,005 building square feet, selected to represent the median effective tax rate for a Detached Unit within Neighborhood One of the Community Facilities District.
(2) Net Assessed Value reflects estimated total assessed value for the parcel net of homeowner's exemption.
(3) These amounts are based on Fiscal Year 2011-12 charges. Fiscal Year 2012-13 data will not be available until November 2012.
(4) All charges and special assessments are based on a Lot size of less than one (1) acre.

Source: Dolinka Group, LLC.

Table 10
Community Facilities District No. 6 (4S Ranch)
of the Poway Unified School District
Estimated Fiscal Year 2011-12 Tax Rates
Neighborhood Two (Improvement Area A)
(Detached Units with 3,352 sq. ft.)

Assessed Valuations and Property Taxes			
Estimated Assessed Valuation [(1)]	$775,000		
Homeowner's Exemption	(7,000)		
Net Assessed Value [(2)]	$768,000		
***Ad Valorem* Property Taxes**		Percent of Total AV	Projected Amount [(3)]
General Purposes		1.00000%	$7,680.00
Ad Valorem Tax Overrides[(3)]			
Palomar Pomerado Debt Service		0.02350%	180.48
Palomar Community College Debt Service		0.01384%	106.28
Metropolitan Water District Debt Service		0.00370%	28.42
Total *Ad Valorem* Property Taxes		1.04104%	$7,995.18
Assessments, Special Taxes and Parcel Charges[(3)(4)]			
Poway Unified School District CFD No. 6			$2,501.36
Poway Unified School District CFD No. 6 Imp. Area A			2,491.18
Olivenhain Municipal Water District Sanitation (4S Ranch)			867.00
County of San Diego CSA 83 Zone A Park Maintenance			109.06
Olivenhain Municipal Water District Assessment District No. 96-1			66.96
Rancho Santa Fe Fire District Special Tax			50.00
County of San Diego CSA 17 Emergency Ambulance Service			26.46
MWD Water Standby Charge			11.50
San Diego County CWA Water Availability Standby Charge			10.00
San Diego County Street Light Zone A			6.48
County of San Diego Mosquito/Disease Control			5.86
County of San Diego Mosquito/Rat Control			2.28
Total Assessment Special Taxes and Parcel Charges			$6,148.14
Projected Total Property Taxes			$14,143.32
Projected Total Effective Tax Rate			1.82%

(1) Fiscal Year 2011-12 assessed valuation for a single family detached residential unit with 3,352 building square feet, selected to represent the median effective tax rate for a Detached Unit within Neighborhood Two of the Community Facilities District.
(2) Net Assessed Value reflects estimated total assessed value for the parcel net of homeowner's exemption.
(3) These amounts are based on Fiscal Year 2011-12 charges. Fiscal Year 2012-13 data will not be available until November 2012.
(4) All charges and special assessments are based on a Lot size of less than one (1) acre.

Source: Dolinka Group, LLC.

Table 11
Community Facilities District No. 6 (4S Ranch)
of the Poway Unified School District
Estimated Fiscal Year 2011-12 Tax Rates
Neighborhood Three (Improvement Area B)
(Detached Units with 1,914 sq. ft.)

Assessed Valuations and Property Taxes	
Estimated Assessed Valuation [(1)]	$510,610
Homeowner's Exemption	(7,000)
Net Assessed Value [(2)]	$503,610

***Ad Valorem* Property Taxes**	Percent of Total AV	Projected Amount [(3)]
General Purposes	1.00000%	$5,036.10
Ad Valorem Tax Overrides[(3)]		
Palomar Pomerado Debt Service	0.02350%	118.34
Palomar Community College Debt Service	0.01384%	69.70
Metropolitan Water District Debt Service	0.00370%	18.64
Total *Ad Valorem* Property Taxes	1.04104%	$5,242.78

Assessments, Special Taxes and Parcel Charges[(3)(4)]	
Poway Unified School District CFD No. 6	$2,718.20
Poway Unified School District CFD No. 6 Imp. Area B	627.14
Olivenhain Municipal Water District Sanitation (4S Ranch)	407.40
County of San Diego CSA 83 Zone A Park Maintenance	76.34
Olivenhain Municipal Water District Assessment District No. 96-1	40.44
Rancho Santa Fe Fire District Special Tax	50.00
County of San Diego CSA 17 Emergency Ambulance Service	26.46
MWD Water Standby Charge	11.50
San Diego County CWA Water Availability Standby Charge	10.00
San Diego County Street Light Zone A	5.18
County of San Diego Mosquito/Disease Control	4.10
County of San Diego Mosquito/Rat Control	2.28
Total Assessment Special Taxes and Parcel Charges	$3,979.04
Projected Total Property Taxes	$9,221.82
Projected Total Effective Tax Rate	1.81%

(1) Fiscal Year 2011-12 assessed valuation for a single family detached residential unit with 1,914 building square feet, selected to represent the median effective tax rate for a Detached Unit within Neighborhood Three of the Community Facilities District.
(2) Net Assessed Value reflects estimated total assessed value for the parcel net of homeowner's exemption.
(3) These amounts are based on Fiscal Year 2011-12 charges. Fiscal Year 2012-13 data will not be available until November 2012.
(4) All charges and special assessments are based on a Lot size of less than one (1) acre.

Source: Dolinka Group, LLC.

Table 12
Community Facilities District No. 6 (4S Ranch)
of the Poway Unified School District
Estimated Fiscal Year 2011-12 Tax Rates
Neighborhood Four (Improvement Area C)
(Detached Units with 3,303 sq. ft.)

Assessed Valuations and Property Taxes			
Estimated Assessed Valuation [1]	$692,072		
Homeowner's Exemption	(7,000)		
Net Assessed Value [2]	$685,072		
***Ad Valorem* Property Taxes**		Percent of Total AV	Projected Amount [3]
General Purposes		1.00000%	$6,850.72
Ad Valorem Tax Overrides			
Palomar Pomerado Debt Service		0.02350%	160.99
Palomar Community College Debt Service		0.01384%	94.79
Metropolitan Water District Debt Service		0.00370%	25.34
Total *Ad Valorem* Property Taxes		1.04104%	$7,131.84
Assessments, Special Taxes and Parcel Charges[3]			
Poway Unified School District CFD No. 6			$2,931.44
Poway Unified School District CFD No. 6, Imp. Area C			2,704.24
Olivenhain Municipal Water District Sanitation (4S Ranch)			435.00
County of San Diego CSA 83 Zone A Park Maintenance			109.06
Olivenhain Municipal Water District Assessment District No. 96-1			55.02
Rancho Santa Fe Fire District Special Tax			20.00
MWD Water Standby Charge			11.50
San Diego County CWA Water Availability Standby Charge			10.00
San Diego County Street Light Zone A			6.48
County of San Diego Mosquito/Disease Control			5.86
County of San Diego Mosquito/Rat Control			2.28
Total Assessment, Special Taxes and Parcel Charges			$6,291.08
Total Property Taxes			$13,422.92
Total Effective Tax Rate			1.94%

(1) Fiscal Year 2011-12 assessed valuation for a single family detached residential unit with 3,303 building square feet, selected to represent the median effective tax rate for a Detached Unit within Neighborhood Four of the Community Facilities District.
(2) Net Assessed Value reflects estimated total assessed value for the parcel net of homeowner's exemption.
(3) These amounts are based on Fiscal Year 2011-12 charges. Fiscal Year 2012-13 data will not be available until November 2012.
(4) All charges and special assessments are based on a Lot size of less than one (1) acre.

Source: Dolinka Group, LLC.

Overlapping Direct Assessments

As indicated in the tables above, properties within the Community Facilities District are subject to a variety of standby charges, direct assessments, maintenance assessments, special assessments and service charges. Most of these charges are in amounts less than $500 per annum. Other than the Special Taxes levied with respect to the Bonds, the special taxes levied with respect to the Improvement Area A Bonds, the special taxes levied with respect to the Improvement Area B Bonds and the special taxes levied with respect to the Improvement Area C Bonds when sold, the Community Facilities District is not aware of whether the properties within the Community Facilities District are subject to sewer service charges or special taxes in excess of $500 per year.

The Community Facilities District has no control over the amount of additional debt payable from taxes or assessments levied on all or a portion of the property within a special district which may be incurred in the future by other governmental agencies, including, but not limited to, the County or any other governmental agency having jurisdiction over all or a portion of the property within the Community Facilities District. Furthermore, nothing prevents the owners of property within the Community Facilities District from consenting to the issuance of additional debt by other governmental agencies which would be secured by taxes or assessments on a parity with the Special Taxes. To the extent such indebtedness is payable from assessments, other special taxes levied pursuant to the Act or taxes, such assessments, special taxes and taxes will be secured by liens on the property within a district on a parity with a lien of the Special Taxes.

Accordingly, the debt on the property within the Community Facilities District could increase, without any corresponding increase in the value of the property therein, and thereby severely reduce the ratio that exists at the time the 2012 Bonds are issued between the value of the property and the debt secured by the Special Taxes and other taxes and assessments which may be levied on such property. The incurring of such additional indebtedness could also affect the ability and willingness of the property owners within the Community Facilities District to pay the Special Taxes when due.

Moreover, in the event of a delinquency in the payment of Special Taxes, no assurance can be given that the proceeds of any foreclosure sale of the property with delinquent Special Taxes would be sufficient to pay the delinquent Special Taxes. See “BONDOWNERS’ RISKS – Appraised Values.”

BONDOWNERS’ RISKS

In addition to the other information contained in this Official Statement, the following risk factors should be carefully considered in evaluating the investment quality of the 2012 Bonds. The Community Facilities District cautions prospective investors that this discussion does not purport to be comprehensive or definitive and does not purport to be a complete statement of all factors which may be considered as risks in evaluating the credit quality of the 2012 Bonds. The occurrence of one or more of the events discussed herein could adversely affect the ability or willingness of property owners in the Community Facilities District to pay their Special Taxes when due. Any such failure to pay Special Taxes could result in the inability of the Community Facilities District to make full and punctual payments of debt service on the 2012 Bonds. In addition, the occurrence of one or more of the events discussed herein could adversely affect the value of the property in the Community Facilities District.

Risks of Real Estate Secured Investments Generally

The Bondowners will be subject to the risks generally incident to an investment secured by real estate, including, without limitation, (i) adverse changes in local market conditions, such as changes in the market value of real property in the vicinity of the Community Facilities District, the supply of or demand for competitive properties in such area, and the market value of residential property in the event of sale or foreclosure; (ii) changes in real estate tax rate and other operating expenses, governmental rules (including, without limitation, zoning laws and laws relating to endangered species and hazardous materials) and fiscal policies; and (iii) natural disasters (including, without limitation, earthquakes, landslides, fires and floods), which may result in uninsured losses.

Risks Related to Current Market Conditions

The housing market in southern California experienced significant price appreciation and accelerating demand from approximately 2002 to 2006 but subsequently the housing market weakened substantially, with changes from the prior pattern of price appreciation and a slowdown in demand for new housing and declining prices. A number of factors may affect the willingness or ability of taxpayers to pay their Special Tax payment prior to delinquency. The Mortgage Consultant prepared the Mortgage Study to provide a review of the mortgage loan characteristics of the current homeowners within the Community Facilities District, as well as to estimate the current amounts of their equity. See "THE COMMUNITY FACILITIES DISTRICT – Mortgage Study" and "APPENDIX D – Mortgage Study."

Economic Uncertainty

The 2012 Bonds are being issued at a time of economic uncertainty and volatility. Unemployment rates have increased to approximately 5.6% for the Poway area as of March 2012 (not seasonally adjusted) as compared to 5.9% for calendar year 2011 and approximately 9.3% (not seasonally adjusted) for San Diego County as compared to 10.0% for calendar year 2011. The Community Facilities District cannot predict how long these conditions will last or whether to what extent they may affect the ability of homeowners to pay Special Taxes or the marketability of the Series 2012 Bonds.

Special Taxes Are Not Personal Obligations

The current and future owners of land within the Community Facilities District are not personally liable for the payment of the Special Taxes. Rather, the Special Tax is an obligation only of the land within the Community Facilities District. If the value of the land within the Community Facilities District is not sufficient to fully secure the Special Tax, then the Community Facilities District has no recourse against the landowner under the laws by which the Special Tax has been levied and the 2012 Bonds have been issued.

The 2012 Bonds Are Limited Obligations of the Community Facilities District

The Community Facilities District has no obligation to pay principal of and interest on the 2012 Bonds in the event Special Tax collections are delinquent, other than from amounts, if any, on deposit in the Reserve Fund or funds derived from the tax sale or foreclosure and sale of parcels on which levies of the Special Tax are delinquent, nor is the Community Facilities District obligated to advance funds to pay such debt service on the 2012 Bonds.

Appraised Values

The Assessed Value Analysis and Summary Appraisal Report summarized in APPENDIX C hereto estimates the fee simple interest market value of the developed residential property within

Neighborhood Four the Community Facilities District. This value is merely the present opinion of the Appraiser, and is qualified by the Appraiser as stated in the Assessed Value Analysis and Summary Appraisal Report. The Community Facilities District has not sought the present opinion of any other appraiser of the value of the Taxable Property. A different present opinion of such value might be rendered by a different appraiser.

The opinion of value relates to sale by a willing seller to a willing buyer, each having similar information and neither being forced by other circumstances to sell nor to buy. Consequently, the opinion is of limited use in predicting the selling price at a foreclosure sale, because the sale is forced and the buyer may not have the benefit of full information.

In addition, the opinion is a present opinion. It is based upon present facts and circumstances. Differing facts and circumstances may lead to differing opinions of value. The appraised market value is not evidence of future value because future facts and circumstances may differ significantly from the present.

No assurance can be given that if any of the Taxable Property in the Community Facilities District should become delinquent in the payment of Special Taxes, and be foreclosed upon, that such property could be sold for the amount of estimated market value thereof contained in the Assessed Value Analysis and Summary Appraisal Report.

Burden of Parity Liens, Taxes and Other Special Assessments on the Taxable Property

While the Special Taxes are secured by the Taxable Property, the security only extends to the value of such Taxable Property that is not subject to priority and parity liens and similar claims.

The table in the section entitled "COMMUNITY FACILITIES DISTRICT NO. 6 (4S RANCH) – Direct and Overlapping Debt" states the presently outstanding amount of governmental obligations (with stated exclusions), the tax or assessment for which is or may become an obligation of one or more of the parcels of Taxable Property and furthermore states the additional amount of general obligation bonds the tax for which, if and when issued, may become an obligation of one or more of the parcels of Taxable Property. The table does not specifically identify which of the governmental obligations are secured by liens on one or more of the parcels of Taxable Property.

In addition, other governmental obligations may be authorized and undertaken or issued in the future, the tax, assessment or charge for which may become an obligation of one or more of the parcels of Taxable Property and may be secured by a lien on a parity with the lien of the Special Tax securing the 2012 Bonds.

In general, as long as the Special Tax is collected on the County tax roll, the Special Tax and all other taxes, assessments and charges also collected on the tax roll are on a parity, that is, are of equal priority. Questions of priority become significant when collection of one or more of the taxes, assessments or charges is sought by some other procedure, such as foreclosure and sale. In the event of proceedings to foreclose for delinquency of Special Taxes securing the 2012 Bonds, the Special Tax will be subordinate only to existing prior governmental liens, if any. Otherwise, in the event of such foreclosure proceedings, the Special Taxes will generally be on a parity with the other taxes, assessments and charges, and will share the proceeds of such foreclosure proceedings on a pro rata basis. Although the Special Taxes will generally have priority over non-governmental liens on a parcel of Taxable Property, regardless of whether the non-governmental liens were in existence at the time of the levy of the Special Tax or not, this result may not apply in the case of bankruptcy.

While governmental taxes, assessments and charges are a common claim against the value of a parcel of Taxable Property, other less common claims may be relevant. One of the most serious in terms of the potential reduction in the value that may be realized to pay the Special Tax is a claim with regard to a hazardous substance. See "Factors Affecting Parcel Values and Aggregate Value – *Hazardous Substances*" below.

Disclosure to Future Purchasers

The Community Facilities District has recorded a Notice of Special Tax Lien in the Office of the San Diego County Recorder on March 27, 1998, as Document No. 1998-0169295. While title companies normally refer to such notices in title reports, there can be no guarantee that such reference will be made or, if made, that a prospective purchaser or lender will consider such Special Tax obligation in the purchase of a parcel of land or a home in the Community Facilities District or the lending of money thereon. The Act requires the subdivider (or its agent or representative) of a subdivision to notify a prospective purchaser or long-term lessor of any lot, parcel, or unit subject to a Mello-Roos special tax of the existence and maximum amount of such special tax using a statutorily prescribed form. California Civil Code Section 1102.6b requires that in the case of transfers, other than those covered by the above requirement, the seller must at least make a good faith effort to notify the prospective purchaser of the special tax lien in a format prescribed by statute. Failure by an owner of the property to comply with the above requirements, or failure by a purchaser or lessor to consider or understand the nature and existence of the Special Tax, could adversely affect the willingness and ability of the purchaser or lessor to pay the Special Tax when due.

Further, it is possible that liabilities may arise in the future with respect to any of the parcels of Taxable Property resulting from the existence, currently, on the parcel of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently, on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling or disposing of it. All of these possibilities could significantly affect the value of a Taxable Property that is realizable upon a delinquency.

State Budget

As a result of the slow State and United States of America economies, the State is experiencing serious budgetary shortfalls for the current and prior fiscal years. The effect of the State revenue shortfalls on the local or State economy or on the demand for, or value of, the property within the Community Facilities District cannot be predicted.

Insufficiency of the Special Tax

The principal source of payment of principal of and interest on the 2012 Bonds is the proceeds of the annual levy and collection of the Special Tax against property within the Community Facilities District. The annual levy of the Special Tax is subject to the maximum tax rates authorized. The levy cannot be made at a higher rate even if the failure to do so means that the estimated proceeds of the levy and collection of the Special Tax, together with other available funds, will not be sufficient to pay debt service on the 2012 Bonds. Other funds which might be available include funds derived from the payment of penalties on delinquent Special Taxes and funds derived from the tax sale or foreclosure and sale of parcels on which levies of the Special Tax are delinquent.

The levy of the Special Tax will rarely, if ever, result in a uniform relationship between the value of particular Taxable Property and the amount of the levy of the Special Tax against such parcels. Thus, there will rarely, if ever, be a uniform relationship between the value of such parcels and the proportionate share of debt service on the 2012 Bonds, and certainly not a direct relationship.

The Special Tax levied in any particular tax year on a Taxable Property is based upon the revenue needs and application of the Rate and Method. Application of the Rate and Method will, in turn, be dependent upon certain development factors with respect to each Taxable Property by comparison with similar development factors with respect to the other Taxable Property within the Community Facilities District. Thus, in addition to annual variations of the revenue needs from the Special Tax, the following are some of the factors which might cause the levy of the Special Tax on any particular Taxable Property to vary from the Special Tax that might otherwise be expected:

(1) Reduction in the amount of Taxable Property, for such reasons as acquisition of Taxable Property by a government and failure of the government to pay the Special Tax based upon a claim of exemption or, in the case of the federal government or an agency thereof, immunity from taxation, thereby resulting in an increased tax burden on the remaining parcels of Taxable Property.

(2) Failure of the owners of Taxable Property to pay the Special Tax and delays in the collection of or inability to collect the Special Tax by tax sale or foreclosure and sale of the delinquent parcels, thereby resulting in an increased tax burden on the remaining parcels of Taxable Property.

Except as set forth above under “SECURITY FOR THE 2012 BONDS – Special Taxes” and “ – Rate and Method” herein, the Indenture provides that the Special Tax is to be collected in the same manner as ordinary *ad valorem* property taxes are collected and, except as provided in the special covenant for foreclosure described in “SECURITY FOR THE 2012 BONDS – Proceeds of Foreclosure Sales” and in the Act, is subject to the same penalties and the same procedure, sale and lien priority in case of delinquency as is provided for *ad valorem* property taxes. Pursuant to these procedures, if taxes are unpaid for a period of five years or more, the property is subject to sale by the County.

In the event that sales or foreclosures of property are necessary, there could be a delay in payments to owners of the 2012 Bonds pending such sales or the prosecution of foreclosure proceedings and receipt by the Community Facilities District of the proceeds of sale if the Reserve Fund is depleted. See “SECURITY FOR THE 2012 BONDS – Proceeds of Foreclosure Sales.”

In addition, the Rate and Method limits the increase of Special Taxes levied on parcels of Developed Property to cure delinquencies of other property owners in the Community Facilities District. See “SECURITY FOR THE 2012 BONDS – Rate and Method” herein.

Exempt Properties

Certain properties are exempt from the Special Tax in accordance with the Rate and Method (see “SECURITY FOR THE 2012 BONDS – Rate and Method” herein). In addition, the Act provides that properties or entities of the state, federal or local government are exempt from the Special Tax; *provided, however*, that property within the Community Facilities District acquired by a public entity through a negotiated transaction or by gift or devise, which is not otherwise exempt from the Special Tax, will continue to be subject to the Special Tax. It is possible that property acquired by a public entity following a tax sale or foreclosure based upon failure to pay taxes could become exempt from the Special Tax. In addition, although the Act provides that if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property is to be treated as if it were a special assessment, the constitutionality and operation of these provisions of the Act have not been tested, meaning that such property could become exempt from the

Special Tax. In the event that additional property is dedicated to the School District or other public entities, this additional property might become exempt from the Special Tax.

The Act further provides that no other properties or entities are exempt from the Special Tax unless the properties or entities are expressly exempted in a resolution of consideration to levy a new special tax or to alter the rate or method of apportionment of an existing special tax.

Depletion of Reserve Fund

The Reserve Fund is to be maintained at an amount equal to the Reserve Requirement (see "SECURITY FOR THE 2012 BONDS – Reserve Fund" herein). Funds in the Reserve Fund (excluding amounts which may be drawn under the 2007 Surety Bond may be used to pay principal of and interest on the Bonds, including the 2012 Bonds, in the event the proceeds of the levy and collection of the Special Tax against property within the Community Facilities District are insufficient. If funds in the Reserve Fund are depleted, the funds can be replenished from the proceeds of the levy and collection of the Special Tax that are in excess of the amount required to pay all amounts to be paid to the Bondowners pursuant to the Indenture. However, no replenishment from the proceeds of a Special Tax levy can occur as long as the proceeds that are collected from the levy of the Special Tax against property within the Community Facilities District, at the maximum tax rates, together with other available funds, remains insufficient to pay all such amounts. Thus it is possible that the Reserve Fund will be depleted and not be replenished by the levy of the Special Tax.

Potential Delay and Limitations in Foreclosure Proceedings

The payment of property owners' taxes and the ability of the Community Facilities District to foreclose the lien of a delinquent unpaid Special Tax pursuant to its covenant to pursue judicial foreclosure proceedings, may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure. See "SECURITY FOR THE 2012 BONDS – Proceeds of Foreclosure Sales" and "BONDOWNERS' RISKS – Bankruptcy and Foreclosure Delay" herein. In addition, the prosecution of a foreclosure could be delayed due to many reasons, including crowded local court calendars or lengthy procedural delays.

The ability of the Community Facilities District to collect interest and penalties specified by State law and to foreclose against properties having delinquent Special Tax installments may be limited in certain respects with regard to properties in which the Federal Deposit Insurance Corporation (the "FDIC") has or obtains an interest. The FDIC would obtain such an interest by taking over a financial institution which has made a loan which is secured by property within the Community Facilities District. See "BONDOWNERS' RISKS – Payments by FDIC and Other Federal Agencies" herein.

Other laws generally affecting creditors' rights or relating to judicial foreclosure may affect the ability to enforce payment of Special Taxes or the timing of enforcement of Special Taxes. For example, the Soldiers and Sailors Civil Relief Act of 1940 affords protections such as a stay in enforcement of the foreclosure covenant, a six-month period after termination of such military service to redeem property sold to enforce the collection of a tax or assessment and a limitation on the interest rate on the delinquent tax or assessment to persons in military service if the court concludes the ability to pay such taxes or assessments is materially affected by reason of such service.

The Community Facilities District and the School District are unable to predict what effect the application of a policy statement by the FDIC regarding payment of state and local real property taxes would have in the event of a delinquency on a parcel within the Community Facilities District in which the FDIC has or obtains an interest, although prohibiting the lien of the FDIC to be foreclosed at a judicial foreclosure sale would likely reduce or eliminate the persons willing to purchase a parcel at a foreclosure sale.

In addition, potential investors should be aware that judicial foreclosure proceedings are not summary remedies and can be subject to significant procedural and other delays caused by crowded court calendars and other factors beyond the control of the Community Facilities District or the School District. Potential investors should assume that, under current conditions, it is estimated that a judicial foreclosure of the lien of Special Taxes may take up to two or three years from initiation to the lien foreclosure sale. At a Special Tax lien foreclosure sale, each parcel will be sold for not less than the "minimum bid amount" which is equal to the sum of all delinquent Special Tax installments, penalties and interest thereon, costs of collection (including reasonable attorneys' fees), post-judgment interest and costs of sale. Each parcel is sold at foreclosure for the amounts secured by the Special Tax lien on such parcel and multiple parcels may not be aggregated in a single "bulk" foreclosure sale. If any parcel fails to obtain a "minimum bid," the Community Facilities District may, but is not obligated to, seek superior court approval to sell such parcel at an amount less than the minimum bid. Such superior court approval requires the consent of the owners of 75% of the aggregate principal amount of the outstanding 2012 Bonds.

Delays and uncertainties in the Special Tax lien foreclosure process create significant risks for Bondowners. High rates of special tax payment delinquencies which continue during the pendency of protracted Special Tax lien foreclosure proceedings, could result in the rapid, total depletion of the Reserve Fund prior to replenishment from the resale of property upon foreclosure. In that event, there could be a default in payment of the principal of, and interest on, the 2012 Bonds. See "Special Tax Collections" above.

Bankruptcy and Foreclosure Delay

The payment of Special Taxes and the ability of the Community Facilities District to foreclose the lien of a delinquent Special Taxes as discussed in the section herein entitled "SECURITY FOR THE 2012 BONDS" may be limited by bankruptcy, insolvency, or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure. In addition, the prosecution of a judicial foreclosure may be delayed due to congested local court calendars or procedural delays.

The various legal opinions to be delivered concurrently with the delivery of the 2012 Bonds (including Bond Counsel's approving legal opinion) will be qualified, as to the enforceability of the various legal instruments, by moratorium, bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Although bankruptcy proceedings would not cause the obligation to pay the Special Tax to become extinguished, bankruptcy of a property owner or of a partner or other equity owner of a property owner, could result in a stay of enforcement of the lien for the Special Taxes, a delay in prosecuting superior court foreclosure proceedings or adversely affect the ability or willingness of a property owner to pay the Special Taxes and could result in the possibility of delinquent Special Taxes not being paid in full. In addition, the amount of any lien on property securing the payment of delinquent Special Taxes could be reduced if the value of the property were determined by the bankruptcy court to have become less than the amount of the lien, and the amount of the delinquent Special Taxes in excess of the reduced lien could then be treated as an unsecured claim by the court. Any such stay of the enforcement of the lien for the Special Tax, or any such delay or non-payment, would increase the likelihood of a delay or default in payment of the principal of and interest on the 2012 Bonds and the possibility of delinquent Special Taxes not being paid in full. Moreover, amounts received upon foreclosure sales may not be sufficient to fully discharge delinquent installments. To the extent that a significant percentage of the property in the Community Facilities District is owned by a merchant builder, or any other property owner, and Special Taxes have been levied on such property, and such owner is the subject of bankruptcy proceedings, the payment of the Special Tax and the ability of the Community Facilities District to foreclose the lien of a delinquent unpaid Special Tax could be extremely curtailed by bankruptcy, insolvency, or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure.

In 1992, the United States Court of Appeals for the Ninth Circuit issued its opinion in a bankruptcy case entitled *In re Glasply Marine Industries.* In that case, the court held that *ad valorem* property taxes levied by Snohomish County in the State of Washington after the date that the property owner filed a petition for bankruptcy were not entitled to priority over a secured creditor with a prior lien on the property. The court upheld the priority of unpaid taxes imposed after the filing of the bankruptcy petition as "administrative expenses" of the bankruptcy estate, payable after all secured creditors. As a result, the secured creditor was able to foreclose on the property and retain all of the proceeds of the sale except the amount of the pre-petition taxes.

According to the court's ruling, as administrative expenses, post-petition taxes would have to be paid, assuming that the debtor has sufficient assets to do so. In certain circumstances, payment of such administrative expenses may be allowed to be deferred. Once the property is transferred out of the bankruptcy estate (through foreclosure or otherwise) it would at that time become subject to current *ad valorem* taxes.

The Act provides that the Special Taxes are secured by a continuing lien, which is subject to the same lien priority in the case of delinquency as *ad valorem* taxes. No case law exists with respect to how a bankruptcy court would treat the lien for the Special Taxes levied after the filing of a petition in bankruptcy. *Glasply* is controlling precedent for bankruptcy courts in the State. If the *Glasply* precedent was applied to the levy of the Special Tax, the amount of Special Tax received from parcels whose owners declare bankruptcy could be reduced.

It should also be noted that on October 22, 1994, Congress enacted 11 U.S. C. Section 362(b)(18), which added a new exception to the automatic stay for *ad valorem* property taxes imposed by a political subdivision after the filing of a bankruptcy petition. Pursuant to this new provision of law, in the event of a bankruptcy petition filed on or after October 22, 1994, the lien for *ad valorem* taxes in subsequent fiscal years will attach even if the property is part of the bankruptcy estate. Bondowners should be aware that the potential effect of 11 U.S. C. Section 362(b)(18) on the Special Taxes depends upon whether a court were to determine that the Special Taxes should be treated like *ad valorem* taxes for this purpose.

Payments by FDIC and Other Federal Agencies

The ability of the Community Facilities District to collect interest and penalties specified by State law and to foreclose the lien of delinquent Special Taxes may be limited in certain respects with regard to properties in which the FDIC, the Drug Enforcement Agency, the Internal Revenue Service or other similar federal governmental agencies has or obtains an interest.

Specifically, with respect to the FDIC, on June 4, 1991, the FDIC issued a Statement of Policy Regarding the Payment of State and Local Property Taxes (the "1991 Policy Statement"). The 1991 Policy Statement was revised and superseded by new Policy Statement effective January 9, 1997 (the "Policy Statement"). The Policy Statement provides that real property owned by the FDIC is subject to state and local real property taxes only if those taxes are assessed according to the property's value, and that the FDIC is immune from real property taxes assessed on any basis other than property value. According to the Policy Statement, the FDIC will pay its property tax obligations when they become due and payable and will pay claims for delinquent property taxes as promptly as is consistent with sound business practice and the orderly administration of the institution's affairs, unless abandonment of the FDIC's interest in the property is appropriate. The FDIC will pay claims for interest on delinquent property taxes owed at the rate provided under state law, to the extent the interest payment obligation is secured by a valid lien. The FDIC will not pay any amounts in the nature of fines or penalties and will not pay nor recognize liens for such amounts. If any property taxes (including interest) on FDIC owned property are secured by a valid lien (in effect before the property became owned by the FDIC), the FDIC will pay those claims. The Policy Statement further provides that no property of the FDIC is subject to levy, attachment, garnishment, foreclosure or sale without the FDIC's consent. In addition, the FDIC will not permit a lien or security interest held by the FDIC to be eliminated by foreclosure without the FDIC's consent.

The Policy Statement states that the FDIC generally will not pay non *ad valorem* taxes, including special assessments, on property in which it has a fee interest unless the amount of tax is fixed at the time that the FDIC acquires its fee interest in the property, nor will it recognize the validity of any lien to the extent it purports to secure the payment of any such amounts. Special taxes imposed under the Act and a special tax formula which determines the special tax due each year, are specifically identified in the Policy Statement as being imposed each year and therefore covered by the FDIC's federal immunity. With respect to property in California owned by the FDIC on January 9, 1997 and that was owned by the Resolution Trust Corporation (the "RTC") on December 31, 1995, or that became the property of the FDIC through foreclosure of a security interest held by the RTC on that date, the FDIC will continue the RTC's prior practice of paying special taxes imposed pursuant to the Act if the taxes were imposed prior to the RTC's acquisition of an interest in the property. All other special taxes may be challenged by the FDIC.

The Community Facilities District is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency on a parcel within the Community Facilities District in which the FDIC has or obtains an interest, although prohibiting the lien of the FDIC to be foreclosed at a judicial foreclosure sale would reduce or eliminate the persons willing to purchase a parcel at a foreclosure sale. Owners of the 2012 Bonds should assume that the Community Facilities District will be unable to collect Special Taxes or to foreclose on any parcel owned by the FDIC. Such an outcome could cause a draw on the Reserve Fund and perhaps, ultimately, a default in payment on the 2012 Bonds. Based upon the secured tax roll as of January 1, 2001, the FDIC does not presently own any of the property in the Community Facilities District. The Community Facilities District expresses no view concerning the likelihood that the risks described above will materialize while the 2012 Bonds are outstanding.

Factors Affecting Parcel Values and Aggregate Value

Geologic, Topographic and Climatic Conditions. The value of the Taxable Property in the Community Facilities District in the future can be adversely affected by a variety of additional factors, particularly those which may affect infrastructure and other public improvements and private improvements on the parcels of Taxable Property and the continued habitability and enjoyment of such private improvements. Such additional factors include, without limitation, geologic conditions such as earthquakes and volcanic eruptions, topographic conditions such as earth movements, landslides, liquefaction, floods or fires, and climatic conditions such as tornadoes, droughts, and the possible reduction in water allocation or availability. It can be expected that one or more of such conditions may occur and may result in damage to improvements of varying seriousness, that the damage may entail significant repair or replacement costs and that repair or replacement may never occur either because of the cost or because repair or replacement will not facilitate habitability or other use, or because other considerations preclude such repair or replacement. Under any of these circumstances, the value of the Taxable Property may well depreciate or disappear.

Seismic Conditions. The Community Facilities District is located in a seismically active region in Southern California. Active faults which could cause significant ground shaking over the Community Facilities District include, but are not limited to, the Rose Canyon fault zone (approximately 20 miles west), the Elsinore fault zone (approximately 23 miles northeast), the San Jacinto fault zone (approximately 45 miles northeast) and the San Andreas fault zone (approximately 72 miles northeast). Earthquakes of magnitude of 6 (Rose Canyon fault) to 8 (San Andreas fault) on the Richter scale are possible.

In the event of a severe earthquake, there may be significant damage to both property and infrastructure in the Community Facilities District. As a result, the property owners may be unable or unwilling to pay the Special Taxes when due, and the Reserve Fund may eventually become depleted. In addition, the value of land in the Community Facilities District could be diminished in the aftermath of such natural events, reducing the resulting proceeds of foreclosure sales in the event of delinquencies in the payment of the Special Taxes. Development within the Community Facilities District has been built in accordance with applicable building codes, including requirements relating to seismic safety. No assurances can be given that any earthquake insurance will be obtained as to any of the improvements within the Community Facilities District.

Hazardous Substances. While government taxes, assessments, and charges are a common claim against the value of a taxed parcel, other less common claims can occur. One of the most serious in terms of the potential reduction in the value that may be realized to pay the Special Taxes is a claim with regard to hazardous substances. In general, the owners and operators of a parcel may be required by law to remedy conditions relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or "Superfund Act," is the most well known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of property whether or not the owner (or operator) had anything to do with creating or handling the hazardous substance. The effect therefore, should any of the parcels be affected by a hazardous substance, would be to reduce the marketability and value by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller.

Further, it is possible that liabilities may arise in the future with respect to any of the land within the Community Facilities District resulting from the existence, currently, of a substance presently classified as hazardous but which has not been released or of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly adversely affect the value of a parcel and the willingness or ability of the owner of any parcel to pay the Special Tax installments.

Legal Requirements. Other events which may affect the value of a parcel of Taxable Property in the Community Facilities District include changes in the law or application of the law. Such changes may include, without limitation, local growth control initiatives, local utility connection moratoriums and local application of statewide tax and governmental spending limitation measures.

No Acceleration Provisions

The 2012 Bonds do not contain a provision allowing for the acceleration of the 2012 Bonds in the event of a payment default or other default under the terms of the 2012 Bonds or the Indenture. Pursuant to the Indenture, a Bondowner is given the right for the equal benefit and protection of all Bondowners similarly situated to pursue certain remedies (see APPENDIX E – "Summary of Certain Provisions of the Indenture" herein). So long as the 2012 Bonds are in book-entry form, DTC will be the sole Bondowner and will be entitled to exercise all rights and remedies of Bondowner.

Community Facilities District Formation

California voters, on June 6, 1978, approved an amendment ("Article XIIIA") to the California Constitution. Section 4 of Article XIIIA, requires a vote of two-thirds of the qualified electorate to impose "special taxes," or any additional *ad valorem,* sales or transaction taxes on real property. At an election held in the Community Facilities District pursuant to the Act, more than two-thirds of the qualified electors within the Community Facilities District, consisting of the landowners within the boundaries of the Community Facilities District, authorized the Community Facilities District to incur bonded indebtedness to finance the School Facilities and approved the Rate and Method. The Supreme Court of the State has not yet decided whether landowner elections (as opposed to resident elections) satisfy requirements of Section 4 of Article XIIIA, nor has the Supreme Court decided whether the special taxes of a community facilities district constitute a "special tax" for purposes of Article XIIIA.

Section 53341 of the Act requires that any action or proceeding to attack, review, set aside, void or annul the levy of a special tax or an increase in a special tax pursuant to the Act shall be commenced within 30 days after the special tax is approved by the voters. No such action has been filed with respect to the Special Tax.

Billing of Special Taxes

A special tax formula can result in a substantially heavier property tax burden being imposed upon properties within a community facilities district than elsewhere in a city or county, and this in turn can lead to problems in the collection of the special tax. In some community facilities districts the taxpayers have refused to pay the special tax and have commenced litigation challenging the special tax, the community facilities district and the bonds issued by the community facilities district.

Under provisions of the Act, the Special Taxes are billed to the properties within the Community Facilities District which were entered on the Assessment Roll of the County Assessor by January 1 of the previous fiscal year on the regular property tax bills sent to owners of such properties. Such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do regular property tax installments. These Special Tax installment payments cannot be made separately from property tax payments. Therefore, the unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and installment payments of Special Taxes in the future. See "SECURITY FOR THE 2012 BONDS – Proceeds of Foreclosure Sales" for a discussion of the provisions which apply and procedures which the Community Facilities District is obligated to follow in the event of delinquency in the payment of installments of Special Taxes.

Inability to Collect Special Taxes

In order to pay debt service on the 2012 Bonds, it is necessary that the Special Tax levied against land within the Community Facilities District be paid in a timely manner. The Community Facilities District has covenanted in the Indenture under certain conditions to institute foreclosure proceedings against property with delinquent Special Tax in order to obtain funds to pay debt service on the 2012 Bonds. If foreclosure proceedings were instituted, any mortgage or deed of trust holder could, but would not be required to, advance the amount of the delinquent Special Tax to protect its security interest. In the event such superior court foreclosure is necessary, there could be a delay in principal and interest payments to the owners of the 2012 Bonds pending prosecution of the foreclosure proceedings and receipt of the proceeds of the foreclosure sale, if any. No assurances can be given that the real property subject to foreclosure and sale at a judicial foreclosure sale will be sold or, if sold, that the proceeds of such sale will be sufficient to pay any delinquent Special Tax installment. Although the Act authorizes the Board of Education to cause such an action to be commenced and diligently pursued to completion, the Act does not specify the obligations of the Board of Education with regard to purchasing or otherwise acquiring any lot or parcel of property sold at the foreclosure sale if there is no other purchaser at such sale. See "SECURITY FOR THE 2012 BONDS – Proceeds of Foreclosure Sales."

Right to Vote on Taxes Act

An initiative measure, Proposition 218, commonly referred to as the "Right to Vote on Taxes Act" (the "Initiative") was approved by the voters of the State at the November 5, 1996 general election. The Initiative added Article XIIIC ("Article XIIIC") and Article XIIID to the California Constitution. According to the "Title and Summary" of the Initiative prepared by the California Attorney General, the Initiative limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." The provisions of the Initiative as they may relate to community facilities districts are subject to interpretation by the courts.

Among other things, Section 3 of Article XIIIC states that ". . . the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge." The Act provides for a procedure, which includes notice hearing, protest and voting requirements to alter the rate and method of apportionment of an existing special tax. However, the Act prohibits a legislative body from adopting any resolution to reduce the rate of any special tax or terminate the levy of any special tax pledged to repay any debt incurred pursuant to the Act unless such legislative body determines that the reduction or termination of the special tax would not interfere with the timely retirement of that debt. On July 1, 1997, a bill was signed into law by the Governor of the State enacting Government Code Section 5854, which states that:

> "Section 3 of Article XIIIC of the California Constitution, as adopted at the November 5, 1996, general election, shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after that date, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights protected by Section 10 of Article I of the United States Constitution."

Accordingly, although the matter is not free from doubt, it is likely that the Initiative has not conferred on the voters the power to repeal or reduce the Special Taxes if such reduction would interfere with the timely retirement of the 2012 Bonds.

It may be possible, however, for voters of the Community Facilities District to reduce the Special Taxes in a manner which does not interfere with the timely repayment of the 2012 Bonds but which does reduce the maximum amount of Special Taxes that may be levied in any year below the existing levels. Therefore, no assurance can be given with respect to the levy of Special Taxes for Administrative Expenses. Furthermore, no assurance can be given with respect to the future levy of the Special Taxes in amounts greater than the amount necessary for the timely retirement of the 2012 Bonds.

Like its antecedents, the Initiative is likely to undergo both judicial and legislative scrutiny before its impact on the Community Facilities District and its obligations can be determined. Certain provisions of the Initiative may be examined by the courts for their constitutionality under both State and federal constitutional law. The Community Facilities District is not able to predict the outcome of any such examination.

The foregoing discussion of the Initiative should not be considered an exhaustive or authoritative treatment of the issues. The Community Facilities District does not expect to be in a position to control the consideration or disposition of these issues and cannot predict the timing or outcome of any judicial or legislative activity in this regard. Interim rulings, final decisions, legislative proposals and legislative enactments may all affect the impact of the Initiative on the 2012 Bonds as well as the market for the 2012 Bonds. Legislative and court calendar delays and other factors may prolong any uncertainty regarding the effects of the Initiative.

Ballot Initiatives and Legislative Measures

The Initiative was adopted pursuant to a measure qualified for the ballot pursuant to California's constitutional initiative process and the State Legislature has in the past enacted legislation which has altered the spending limitations or established minimum funding provisions for particular activities. From time to time, other initiative measures could be adopted by California voters or legislation enacted by the State Legislature. The adoption of any such initiative or enactment of legislation might place limitations on the ability of the State, the County, the Community Facilities District or local districts to increase revenues or to increase appropriations or on the ability of a property owner to complete the development of the property.

Limited Secondary Market

There can be no guarantee that there will be a secondary market for the 2012 Bonds or, if a secondary market exists, that such 2012 Bonds can be sold for any particular price. Although the Community Facilities District has committed to provide certain statutorily-required financial and operating information, there can be no assurance that such information will be available to Bondowners on a timely basis. The failure to provide the required annual financial information does not give rise to monetary damages but merely an action for specific performance. Occasionally, because of general market conditions, lack of current information, the absence of credit rating for the 2012 Bonds or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

Loss of Tax Exemption

As discussed under the caption "LEGAL MATTERS – Tax Exemption," the interest on the 2012 Bonds could become includable in gross income for federal income tax purposes retroactive to the date of issuance of the 2012 Bonds as a result of future acts or omissions of the Community Facilities District and the School District in violation of certain provisions of the Code and the covenants of the Indenture. In order to maintain the exclusion from gross income for federal income tax purposes of the interest on the 2012 Bonds, the Community Facilities District has covenanted in the Indenture not to take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the 2012 Bonds under Section 103 of the Internal Revenue Code of 1986, as amended. Should such an event of taxability occur, the 2012 Bonds are not subject to early redemption and will remain outstanding to maturity or until redeemed under the optional redemption or mandatory sinking fund redemption provisions of the Indenture. See "THE 2012 BONDS – Redemption."

IRS Audit of Tax-Exempt Bond Issues

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the 2012 Bonds will be selected for audit by the IRS. It is also possible that the market value of such 2012 Bonds might be affected as a result of such an audit of such 2012 Bonds (or by an audit of similar bonds or securities).

Impact of Legislative Proposals, Clarifications of the Code and Court Decisions on Tax Exemption

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Owners of the Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Bonds. Examples of such proposals include a proposal in the fall of 2011 which would have reduced the tax value of all itemized deductions and targeted tax expenditures for high-income taxpayers in tax years commencing on or after January 1, 2013. The concept of "high-income taxpayers" in the proposal generally captured taxpayers with adjusted gross income of $250,000 or more for married couples filing jointly (or $200,000 for single taxpayers). Among the targeted tax expenditures was interest on any bond excludable from gross income under Section 103 of the Code, whether the bond is outstanding on the enactment date of the proposed legislation or is issued thereafter. Another example of such proposal from the fall of 2011 would have required the Office of Management and Budget to establish steadily declining annual ratios for debt as a percentage of gross domestic product, effective for taxable years beginning on or after January 1, 2013. Under the proposal, if the ratios were not met, automatic cuts in spending and tax preferences, such as tax-exempt interest, would be triggered. Prospective purchasers of the 2012 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation as to which Bond Counsel expresses no opinion.

Limitations on Remedies

Remedies available to the Bondowners may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the 2012 Bonds or to preserve the tax-exempt status of the 2012 Bonds. See "Payments by FDIC and other Federal Agencies," "No Acceleration Provisions" and "Billing of Special Taxes" herein.

LEGAL MATTERS

Legal Opinion

The legal opinion of Best Best & Krieger LLP, San Diego, California, Bond Counsel, approving the validity of the 2012 Bonds will be made available to purchasers at the time of original delivery and is attached hereto as Appendix G. A copy of the legal opinion will be printed on each 2012 Bond. McFarlin & Anderson LLP, Laguna Hills, California is serving as Disclosure Counsel. Best Best & Krieger LLP will also pass upon certain legal matters for the School District and the Community Facilities District as special counsel to these entities.

Tax Exemption

In the opinion of Best Best & Krieger LLP, San Diego, California, Bond Counsel, subject, however, to the qualifications set forth below, under existing law, the interest on the 2012 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. *provided, however,* that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings.

The opinions set forth in the preceding paragraph are subject to the condition that the Community Facilities District comply with all requirements of the Internal Revenue Code of 1986 (the “Code”) that must be satisfied subsequent to the issuance of the 2012 Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The Community Facilities District has covenanted in the Indenture to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the 2012 Bonds.

In the further opinion of Bond Counsel, interest on the 2012 Bonds is exempt from California personal income taxes.

To the extent the issue price of any maturity of the 2012 Bonds is less than the amount to be paid at maturity of such 2012 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2012 Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each Owner thereof, is treated as interest on the 2012 Bonds which is excluded from gross income for federal income tax purposes and State personal income taxes. For this purpose, the issue price of a particular maturity of the 2012 Bonds is the first price at which a substantial amount of such maturity of the 2012 Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the 2012 Bonds accrues daily over the term to maturity of such 2012 Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such 2012 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such 2012 Bonds. Owners of the 2012 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of the 2012 Bonds with original issue discount, including the treatment of purchasers who do not purchase such 2012 Bonds in the original offering to the public at the first price at which a substantial amount of such 2012 Bonds is sold to the public.

The 2012 Bonds purchased, whether at original issuance or otherwise, for an amount greater than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium

Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a purchaser's basis in a Premium Bond, and under Treasury Regulations, the amount of tax exempt interest received will be reduced by the amount of amortizable bond premium properly allocable to such purchaser. Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Owners of the 2012 Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2012 Bonds may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the 2012 Bonds other than as expressly described above.

Should the interest on the 2012 Bonds become includable in gross income for federal income tax purposes, the 2012 Bonds are not subject to early redemption as a result of such occurrence and will remain outstanding until maturity or until otherwise redeemed in accordance with the Indenture.

Bond Counsel's opinion may be affected by action taken (or not taken) or events occurring (or not occurring) after the date of issuance of the 2012 Bonds. Bond Counsel has not undertaken to determine, or to inform any person, whether any such action or events are taken or do occur, or whether such actions or events may adversely affect the value of tax treatment of a 2012 Bond and Bond Counsel expresses no opinion with respect thereto.

Although Bond Counsel has rendered an opinion that interest on the 2012 Bonds is excluded from gross income for federal income tax purposes provided the Community Facilities District continues to comply with certain requirements of the Code, the accrual or receipt of interest on the 2012 Bonds may otherwise affect the tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status and other items of income or deductions. Bond Counsel expresses no opinion regarding any such consequences. Accordingly, all potential purchasers should consult their tax advisors before purchasing any of the 2012 Bonds.

It is possible that subsequent to the issuance of the 2012 Bonds there might be federal, state or local statutory changes (or judicial or regulatory interpretations of federal, state or local law) that affect the federal, state or local tax treatment of the 2012 Bonds or the market value of the 2012 Bonds. No assurance can be given that subsequent to the issuance of the 2012 Bonds such changes or interpretations will not occur.

IRS Audit Program. The IRS had initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the 2012 Bonds will be selected for audit by the IRS. It is also possible that the market value of the 2012 Bonds might be affected as a result of such an audit of the 2012 Bonds (or an audit of another series of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, that Congress or the IRS might change the Code (or interpretation thereof) subsequent to the delivery of the 2012 Bonds to the extent that it adversely affects the exclusion from gross income of interest with respect to the 2012 Bonds or the market value of the 2012 Bonds.

It is possible that subsequent to the delivery of the 2012 Bonds there might be federal, State or local statutory changes (or judicial or regulatory interpretations of federal, State or local law) that affect the federal, State or local tax treatment of the 2012 Bonds or the market value of the 2012 Bonds. No assurance can be given that subsequent to the delivery of the 2012 Bonds such changes or interpretations will not occur.

Absence of Litigation

No litigation is pending or threatened concerning the validity of the 2012 Bonds. There is no action, suit or proceeding known by the Community Facilities District or the School District to be pending at the present time restraining or enjoining the delivery of the 2012 Bonds or in any way contesting or affecting the validity of the 2012 Bonds or any proceedings of the Community Facilities District or the School District taken with respect to the execution thereof. A no litigation certificate executed by the School District, on behalf of the Community Facilities District, will be delivered to the Underwriter simultaneously with the delivery of the 2012 Bonds.

No General Obligation of School District or Community Facilities District

The 2012 Bonds are not general obligations of the School District or the Community Facilities District, but are limited obligations of the Community Facilities District payable solely from proceeds of the Special Tax and proceeds of the 2012 Bonds, including amounts in the Reserve Fund, Special Tax Fund and Bond Service Fund and investment income on funds held pursuant to the Indenture (other than as necessary to be rebated to the United States of America pursuant to Section 148(f) of the Code and any applicable regulations promulgated pursuant thereto). Any tax levied for the payment of the 2012 Bonds shall be limited to the Special Taxes to be collected within the Community Facilities District.

RATING

Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc., has assigned a rating of "BBB+" to the 2012 Bonds. Such rating reflects only the views of such organization and any explanation of the significance of such rating should be obtained from the rating agency furnishing the same at the following addresses: Standard & Poor's Ratings Services, 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that such rating will not be revise downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Except as set forth in the Continuing Disclosure Agreement, the Community Facilities District undertakes no responsibility to bring to the attention of Owners of the Bonds any downward revision or withdrawal of a rating. The Community Facilities District undertakes no responsibility to oppose any such revision or withdrawal.

UNDERWRITING

The 2012 Bonds are being purchased by the Stifel, Nicolaus & Company, Incorporated, dba Stone & Youngberg, a Division of Stifel Nicolaus, at a purchase price of $41,401,425.10 (which represents the aggregate principal amount of the 2012 Bonds of $38,940,000.00, plus a premium of $2,987,837.60 and less an underwriter's discount of $526,412.50).

The purchase agreement relating to the 2012 Bonds provides that the Underwriter will purchase all of the 2012 Bonds, if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such purchase agreement.

The Underwriter may offer and sell the 2012 Bonds to certain dealers and others at prices lower than the offering price stated on the inside cover page hereof. The offering prices may be changed from time to time by the Underwriter.

PROFESSIONAL FEES

Fees payable to certain professionals, including the Underwriter, Nossaman LLP, as Underwriter's Counsel, McFarlin & Anderson LLP, as Disclosure Counsel, Best Best & Krieger LLP, as Bond Counsel, and Zions First National Bank, as the Fiscal Agent, are contingent upon the issuance of the 2012 Bonds. The fees of Dolinka Group, LLC, as Special Tax Consultant, are in part contingent upon the issuance of the 2012 Bonds. The fees of Stephen G. White, MAI, as Appraiser, and Empire Economics, Inc., as Mortgage Consultant, are not contingent upon the issuance of the 2012 Bonds.

MISCELLANEOUS

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive and reference is made to such documents and reports for full and complete statement of the contents thereof.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representatives of fact. This Official Statement is not to be construed as a contract or agreement between the Community Facilities District and the purchasers or owners of any of the 2012 Bonds.

The execution and delivery of the Official Statement by the Community Facilities District has been duly authorized by the Poway Unified School District on behalf of the Community Facilities District.

COMMUNITY FACILITIES DISTRICT NO. 6 (4S RANCH) OF THE POWAY UNIFIED SCHOOL DISTRICT

By: /s/ John P. Collins
John P. Collins, Ed.D., Superintendent of the Poway Unified School District on behalf of Community Facilities District No. 6 (4S Ranch) of the Poway Unified School District

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APPENDIX A

GENERAL INFORMATION ABOUT THE POWAY UNIFIED SCHOOL DISTRICT

The following information relating to the School District is included only for the purpose of supplying general information regarding the School District. Neither the faith and credit nor the taxing power of the School District has been pledged to payment of the 2012 Bonds, and the 2012 Bonds will not be payable from any of the School District's revenues or assets.

Introduction

Unless otherwise indicated, the following financial, statistical and demographic data has been provided by the School District. Additional information concerning the School District and copies of the most recent and subsequent audited financial reports of the School District may be obtained by contacting: Poway Unified School District, 15250 Avenue of Science, San Diego, CA 92128-3406, Attention: Director of Planning. There may be a charge for copying, mailing and handling.

General Information

The Poway Unified School District (the "School District") is a school district organized under the laws of the State of California (the "State"). The School District was established in 1962. The School District provides education instruction for grades K-12 within an approximately 100 square mile area in the central portion of the County of San Diego (the "County") and includes the City of Poway and portions of the City of San Diego and County, including the communities of 4S Ranch, Black Mountain Ranch, Carmel Mountain Ranch, Del Sur, Rancho Bernardo, Rancho Peñasquitos, Sabre Springs, Santa Fe Valley, Santaluz and Torrey Highlands. The School District currently operates 25 elementary schools (K-5), six middle schools (6-8), five high schools (9-12) and one continuation high school. The School District's projected average daily attendance ("ADA") computed in accordance with State law for the 2011-12 academic year is approximately 33,394 (estimate). The estimated population within the School District's boundaries was approximately 197,429. The School District reported 34,135 students enrolled at the California Basic Educational Data System ("CBEDS") for Fiscal Year 2010-11, 34,569 students enrolled at the California Basic Educational Data System ("CBEDS") for Fiscal Year 2011-12 and estimates approximately 34,748 students enrolled during Fiscal Year 2012-13.

Administration and Enrollment

The School District is governed by the Board of Education (the "Board"). The five Board members are elected to four-year terms in alternate slates of three and two in elections held every two years. If a vacancy arises during any term, the vacancy is filled by an appointment by a majority vote of the remaining Board members and, if there is no majority, by a special election.

The administrative staff of the School District includes John P. Collins, Ed.D., Superintendent, and Malliga Tholandi, Associate Superintendent, Business Support Services.

The Superintendent of the School District is responsible for administering the affairs of the School District in accordance with the policies of the Board. The School District also employs an Associate Superintendent of Learning Support Services and an Associate Superintendent of Personnel Support Services.

From Fiscal Year 2004-05 through Fiscal Year 2011-12 the School District's enrollment has been stable. The demographics of the School District reflect an increasing trend in elementary school population, stable trend in middle school population and slight decrease in high school population. Experience shows that the east side of the School District is nearly built out and west and south areas are experiencing developments and new families. California voters approved Proposition 13 that not only limits the tax rate on property, but gives an incentive for owners to occupy longer resulting in slower turnover of homes to new families. This impacts the east side with declining enrollment. The School District however has offsetting growth on the west side. Information concerning enrollment for these years is set forth below:

Poway Unified School District
Student Enrollment

Fiscal Year	CBEDS Enrollment	District Average Daily Attendance	District Base Revenue Limit
2006-07	32,873	31,817	5,527
2007-08	33,283	32,075	5,780
2008-09	33,305	32,366	6,110
2009-10	33,797	32,646	5,202
2010-11	34,135	33,046	5,207
2011-12	34,569	33,394	5,170

Source: California Department of Education and the School District.

Labor Relations

As of March 27, 2012, the School District employed approximately 1,770 certificated professionals and approximately 1,821 classified employees. The professionals, except management and some part-time employees, are represented by the bargaining units as noted below:

The two contracts below which are due to expire on June 30, 2012, are currently under negotiation.

Poway Unified School District
District Employees

Labor Organization	Approximate Number of Employees In Organization[1]	Contract Expiration Date
Poway Federation of Teachers (PFT), Local 2357	1,483	6/30/12
Service Employees International Union	441	6/30/13
Poway Schools Employees Association	1,284	6/30/12

[1]Excludes management and part-time employees who are not represented by any of the labor organizations.

Source: The School District.

Retirement Programs

The School District participates in the State of California Teachers' Retirement System ("STRS"). This plan covers certificated employees. The School District's contribution to STRS for Fiscal Year 2006-07 was $11,013,784, in Fiscal Year 2007-08 was $11,588,843, in Fiscal Year 2008-09 was $11,570,502, in Fiscal Year 2009-10 was $10,272,133 and in Fiscal Year 2010-11 was $9,706,048. The School District's contribution to STRS for Fiscal Year 2011-12 is estimated to be approximately

$10,070,130. In order to receive STRS benefits, an employee must be at least 55 years old and have provided five years of service to California public schools.

The School District also participates in the State of California Public Employees' Retirement System ("PERS"). This plan covers certificated employees who elect and all classified personnel who are employed 1,000 or more hours per fiscal year. The School District's contribution to PERS for Fiscal Year 2006-07 was $5,598,960, in Fiscal Year 2007-08 was $6,158,527, in Fiscal Year 2008-09 was $6,244,809, in Fiscal Year 2009-10 was $5,929,446 and in Fiscal Year 2010-11 was $6,380,309. The School District's contribution to PERS for Fiscal Year 2011-12 is estimated to be approximately $8,657,993.

Contribution rates to these two retirement systems vary annually depending on changes in actuarial assumptions and other factors, such as changes in retirement benefits. The contribution rates are based on state-wide rates set by the STRS and PERS retirement boards. STRS has a substantial state-wide unfunded liability. Since this liability has not been broken down by each school district, it is impossible to determine the School District's share.

The School District offers post retirement benefits for employees up to age 65. The School District's contribution for these benefits for the Fiscal Year ending June 30, 2007, was $942,340, for the Fiscal Year ending June 30, 2008, was $1,134,471, for the Fiscal Year ending June 30, 2009, was $1,353,447, for the Fiscal Year ending June 30, 2010, was $1,571,614 and for the Fiscal Year ending June 30, 2011 was $2,256,489. The School District estimates that its contributions for these benefits will be approximately $2,409,283 for Fiscal Year 2011-12. The program is operated on a pay-as-you go basis and budgets the current costs each year with an increase based on actual health and welfare increases.

Insurance

The School District maintains commercial insurance or self-insurance for property damage, general liability and workers' compensation in such amounts and with such retentions and other terms as the School District believes to be adequate based on actual risk exposure and as may be required by statute.

In 1998, the State of California authorized the School District to operate a Self-Insured Workers' Compensation Plan to finance liabilities arising from employee industrial injuries. The School District responded by implementing such a plan on July 1, 1998. Effective July 1, 2005, the School District joined a fully insured workers' compensation Joint Powers Authority ("JPA") known as the Protected Insurance Program for Schools ("PIPS"). The School District retains responsibility for all previous self-insured claims and will manage them until they close. Keenan & Associates is the claims administrator for both self-insured and PIPS claims.

The School District operates a self-insurance program to cover general liability claim losses up to a limit of $50,000 per claim and for property losses up to $5,000 per claim. Lower self-insured retentions apply to boiler and machinery/energy systems ($1,000 per claim) and crime losses ($500 per claim). Excess property and liability insurance is acquired through membership in a joint powers authority, the Southern California Regional Liability Excess Fund ("SCR"). SCR provides general liability coverage up to $25,000,000 per occurrence (minus the $50,000 retention) and property loss coverage up to $250,000,000 per occurrence (minus the $5,000 retention). The relationship between the School District and SCR is such that SCR is not a component unit of the School District.

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APPENDIX B

RATE AND METHOD OF APPORTIONMENT FOR COMMUNITY FACILITIES DISTRICT NO. 6 (4S RANCH) OF THE POWAY UNIFIED SCHOOL DISTRICT

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RATE AND METHOD OF APPORTIONMENT OF THE SPECIAL TAX FOR COMMUNITIES FACILITIES DISTRICT NO. 6 OF THE POWAY UNIFIED SCHOOL DISTRICT

A One-Time Special Tax and an Annual Special Tax shall be levied on and collected in Community Facilities District No. 6 ("CFD No. 6") of the Poway Unified School District (the "School District") in amounts to be determined through the application of this Rate and Method of Apportionment of the Special Tax ("RMA"). All of the real property in CFD No. 6, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

SECTION A
DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acreage" means the land area of an Assessor's Parcel, exclusive of land area identified as open space on a Final Map and land area encumbered with public or utility easements making impractical such land area use for purposes other than those set forth in the easements, including recorded easements for conservation or open space purposes, as reasonably calculated or determined by the Assistant Superintendent based on the applicable Assessor Parcel Map, Final Map, parcel map, condominium plan, or other recorded County parcel map or applicable data.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Division 2 of Title 5 of the Government Code of the State of California.

"Administrative Expenses" means any ordinary and necessary expense incurred by the School District on behalf of the CFD related to the determination of the amount of the levy of special taxes (e.g., administration consultant, fiscal agent, arbitrage consultant, etc.), the collection of special taxes including the expenses of collecting delinquencies, the administration of Bonds, the cost of complying with disclosure requirements of applicable federal and state security laws and the Act, and the costs of the payment of the appropriate allocable share of salaries and benefits of any School District employee whose duties are directly related to the administration of the CFD.

"Affordable Unit" means one of not more than 150 Units that (i) is located or shall be located within a building in which each of the individual Units has or shall have at least one common wall with another Unit and (ii) is subject to affordable housing restrictions under any applicable law. The first 150 Units which meet the criteria set forth in (i) and (ii) of the preceding sentence and for which Building Permits are issued will be designated permanently and irrevocably as Affordable Units.

"Annual Special Tax" means the special tax to be levied in each Fiscal Year on each Assessor's Parcel of Taxable Property.

"Assessor's Parcel" means a lot or parcel of land designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number.

"Assessor's Parcel Map" means an official map of the Assessor of the County designating parcels by Assessor's Parcel Number.

"Assessor's Parcel Number" means that number assigned to an Assessor's Parcel by the County Assessor for purposes of identification.

"Assigned Annual Special Tax" means (i) for Developed Property, the special tax of that name calculated as described in Section E.1. below, or (ii) for Undeveloped Property, the special tax of that name calculated as described in Section E.2. below.

"Assistant Superintendent" means the Assistant Superintendent, Business Support Services of the School District or his/her designee.

"Attached Unit" means a Unit that (i) is located or shall be located within a building in which each of the individual Units has or shall have at least one common wall with another Unit, and (ii) is not an Affordable Unit.

"Board" means the Board of Education of the School District or its designee.

"Bonds" means any obligation to repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof incurred by CFD No. 6 or the School District.

"Building Square Footage" or **"BSF"** for any Residential Property means all of the square footage within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, patio, enclosed patio, detached accessory structure, or similar area, as defined in Section 65995 of the Government Code.

"Building Permit" means a permit for construction of a residential or commercial/industrial structure. For purposes of this definition, "Building Permit" shall not include permits for construction or installation of utility improvements, retaining walls, parking structures or other such improvements not intended for human habitation or commercial/industrial use.

"Calendar Year" means the period commencing on January 1 of any year and ending the following December 31.

"CFD No. 6" means Community Facilities District No. 6 established by the School District under the Act.

"Commercial/Industrial Property" means all Assessor's Parcels of Developed Property other than Residential Property and Exempt Property.

"County" means the County of San Diego.

"Detached Unit" means a Unit which is not an Affordable Unit or an Attached Unit.

"Developed Property" means all Assessor's Parcels in CFD No. 6 for which Building Permits for new construction were issued after the formation of CFD No. 6 and on or before January 1 of the prior Fiscal Year.

"Exempt Property" means the property designated as being exempt from special taxes in Section J.

"Facilities" means those school facilities (including land) and other facilities which the School District is authorized by law to construct, own or operate and which would service the properties within CFD No. 6.

"Final Map" means a final tract map, parcel map, lot line adjustment, or functionally equivalent map or instrument that creates building sites, recorded in the County Office of the Recorder.

"Fiscal Year" means the period commencing on July 1 of any year and ending the following June 30.

"Gross Floor Area" or **"GFA"** means for Commercial/Industrial Property, the covered and enclosed space determined to be within the perimeter of a commercial or industrial structure, not including any storage areas incidental to the principal use of the development, garage, parking structure, unenclosed walkway, or utility or disposal area, as defined in Section 65995 of the Government Code.

"Gross Prepayment Amount" for any Assessor's Parcel of Developed Property means that gross prepayment amount determined by reference to Table 2 and adjusted as set forth in Section G.

"Index" means the Marshall & Swift Western Region Class D Wood Frame Index ("M&S Index"), and if the M&S Index ceases to be used by the State Allocation Board, a reasonably comparable index used by the State Allocation Board to estimate increases or decreases in school construction costs, or in the absence of such an index, the Engineering News Record, Construction Cost Index (Los Angeles Area) published by McGraw-Hill, Inc.

"Land Use Class" means any of the classes of Developed Property, i.e., Commercial/Industrial Property, Exempt Property, and Residential Property.

"Master Developer" means 4S Kelwood General Partnership, a California general partnership or any successor.

"Maximum Special Tax" means the maximum special tax, determined in accordance with Section C, that can be levied by CFD No. 6 on any Assessor's Parcel in any Fiscal Year.

"One-Time Special Tax" means the single payment special tax to be collected from the owner of an Assessor's Parcel of Undeveloped Property, pursuant to Section D below.

"Partial Prepayment Amount" means the dollar amount required to prepay a portion of the Annual Special Tax obligation on any Assessor's Parcel, determined pursuant to Section H.

"Prepayment Amount" means the dollar amount required to prepay all of the Annual Special Tax obligation on any Assessor's Parcel, determined pursuant to Section G.

"Prepayment Ratio" means, with respect to an Assessor's Parcel, for each series of Bonds, the ratio of (i) the Assigned Annual Special Tax or portion thereof applicable to the Assessor's Parcel at the time each such series of Bonds was issued and which was used in providing the minimum debt service coverage required to issue such series of Bonds, as reasonably determined by the Assistant Superintendent, to (ii) the sum of all the Assigned Annual Special Taxes used in providing the minimum debt service coverage required to issue such series of Bonds, as reasonably determined by the Assistant Superintendent.

"Residential Property" means all Assessor's Parcels of Developed Property for which the Building Permit was issued for purposes of constructing a Unit(s).

"Special Tax Requirement" means the amount required in any Fiscal Year to pay: (i) the regularly scheduled debt service payments on all Bonds which are due in the Calendar Year commencing during such Fiscal Year, assuming that principal is paid when due without acceleration or optional redemption, (ii) credit or liquidity fees on the Bonds, (iii) the cost of acquisition or construction of Facilities, (iv) Administrative Expenses, (v) the costs associated with the release of funds from an escrow account, (vi) any amount required to establish, maintain, or replenish any reserve funds and credit enhancement facilities established in association with the Bonds, (vii) lease payments for Facilities, and (vii) any other payments permitted by law.

"Special Tax Requirement A" means, in Fiscal Years in which an elementary school located within or financed by CFD No. 6 is opened, the amount required to fund the Technology Budget, less any amount previously received by CFD No. 6 for such purpose from Master Developer. In Fiscal Years in which no elementary school located within or financed by CFD No. 6 is opened, the Special Tax Requirement A shall be $0.

"Taxable Property" means all Assessor's Parcels within the boundaries of CFD No. 6 which are not exempt from the special tax pursuant to law or Section J below.

"Technology Budget" means, for Fiscal Year 1997-98, $238,770 for each elementary school constructed in CFD No. 6. Each July 1, commencing July 1, 1998, the Technology Budget for each elementary school constructed in CFD No. 6 shall be increased or decreased by the annual percentage change in the Index. For purposes of this calculation, the annual percentage change in the Index shall be calculated for the twelve (12) months ending November 30 of the prior Fiscal Year.

"Undeveloped Property" means all Assessor's Parcels in CFD No. 6 for which no Building Permit was issued after the formation of CFD No. 6 and on or before January l of the prior Fiscal Year.

"Undeveloped Special Tax Requirement" means the greater of (i) $0 or (ii) the amount required in any Fiscal Year to pay: (1) the regularly scheduled debt service payments on all Bonds which are due in the Calendar Year commencing during such Fiscal Year, assuming that principal is paid when due without acceleration or optional redemption, (2) credit or liquidity fees on the Bonds, (3) Administrative Expenses, and (4) any amount required to establish, maintain, or replenish any reserve funds and credit enhancement facilities established in association with the Bonds, less the sum of the amounts levied on Developed Property in Section F.1.

"Unit" means each separate residential dwelling unit which comprises an independent facility capable of conveyance separate from adjacent residential dwelling units. Each Unit shall be classified as an Affordable Unit, an Attached Unit, or a Detached Unit.

"Zone A" means the area within the boundaries of CFD No. 6 designated as Zone A on the map of the boundaries of CFD No. 6 most recently recorded in the Maps of Assessment and Community Facilities Districts in the Office of the Recorder of the County, which area is designated at the time of the formation of CFD No. 6 as Assessor's Parcel Numbers 678-030-06-00 and 678-050-09-00.

SECTION B
PROPERTY CLASSIFICATION

For each Fiscal Year, beginning Fiscal Year 1997-98, each Assessor's Parcel in CFD No. 6 shall be classified as an Assessor's Parcel of Developed Property, Undeveloped Property or Exempt Property.

SECTION C
MAXIMUM SPECIAL TAX

1. Developed Property

In any Fiscal Year the Maximum Special Tax for each Assessor's Parcel of Residential Property shall be the Assigned Annual Special Tax. In any Fiscal Year the Maximum Special Tax for each Assessor's Parcel of Commercial/Industrial Property shall be the amount of any portion of the One-Time Special Tax that is not collected at the issuance of a Building Permit, which amount may be levied on such Assessor's Parcel when classified as Developed Property in any following Fiscal Year.

2. Undeveloped Property

In any Fiscal Year the Maximum Special Tax for each Assessor's Parcel of Undeveloped Property not located in Zone A shall be the sum of (i) the Assigned Annual Special Tax and (ii) the One-Time Special Tax. In any Fiscal Year the Maximum Special Tax for each Assessor's Parcel of Undeveloped Property located in Zone A shall be the sum of (i) the Assigned Annual Special Tax, (ii) the Zone A Assigned Annual Special Tax, and (iii) the One-Time Special Tax.

SECTION D
ONE-TIME SPECIAL TAX

A One-Time Special Tax shall be collected from the owner of each Assessor's Parcel of Undeveloped Property on the date a Building Permit is issued for such Assessor's Parcel. There shall be no One-Time Special Tax for Assessor's Parcels of Undeveloped Property for which the Building Permit is issued for the construction of a residential structure. The One-Time Special Tax for Calendar Year 1997 for Assessor's Parcels of Undeveloped Property for which the Building Permit is issued for the construction of a structure other than a residential structure shall be $0.30 per square foot of Gross Floor Area.

On each January 1, commencing January 1, 1998, the amount of the One-Time Special Tax shall be increased by the greater of the annual percentage change in the Index or two percent (2.00%) of the amount in effect in the prior Calendar Year. The annual percent change in the Index shall be calculated for the twelve (12) months ending November 30 of the prior Calendar Year.

SECTION E
ASSIGNED ANNUAL SPECIAL TAX

1. Developed Property

a. Assigned Annual Special Tax for New Developed Property

The Assigned Annual Special Tax applicable to an Assessor's Parcel in the first Fiscal Year in which such Assessor's Parcel is classified as Developed Property shall be the amount determined by reference to Table 1 below, subject to adjustment as described below, as applicable.

TABLE 1
ASSIGNED ANNUAL SPECIAL TAX
FOR NEW DEVELOPED PROPERTY
FOR FISCAL YEAR 1997-98

Land Use Class	Unit Type	Assigned Annual Special Tax 1997-98
Residential Property	Detached Unit	$1,770.00 per Unit
Residential Property	Attached Unit	$782.88 per Unit
Residential Property	Affordable Unit	$0.00 per Unit
Commercial/Industrial Property	NA	$0.00 per GFA

Each July 1, commencing July 1, 1998, the Assigned Annual Special Tax applicable to an Assessor's Parcel in the first Fiscal Year in which such Assessor's Parcel is classified as Developed Property shall be increased by the greater of the annual percentage change in the Index or two percent (2.00%) of the amount in effect in the prior Fiscal Year. The annual percentage change in the Index shall be calculated for the twelve (12) months ending November 30 of the prior Calendar Year.

b. Assigned Annual Special Tax for Existing Developed Property

Each July 1, commencing the July 1 immediately following the Fiscal Year in which the Assessor's Parcel was first classified as Developed Property, the Assigned Annual Special Tax applicable to an Assessor's Parcel shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

2. <u>Undeveloped Property</u>

1. Assigned Annual Special Tax

The Assigned Annual Special Tax for Undeveloped Property shall be $1,000 per acre of Acreage in Fiscal Year 1997-98. On each July 1, commencing July 1, 1998, the Assigned Annual Special Tax shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

a. Zone A Assigned Annual Special Tax

The Zone A Assigned Annual Special Tax for Undeveloped Property located in Zone A shall be $5,000 per acre of Acreage in Fiscal Year 1997-98. On each July 1, commencing July 1, 1998, the Zone A Assigned Annual Special Tax shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

SECTION F
METHOD OF APPORTIONMENT OF THE ANNUAL SPECIAL TAX

Commencing Fiscal Year 1997-98 and for each subsequent Fiscal Year, the Assistant Superintendent shall reasonably determine the Special Tax Requirement and the Undeveloped Special Tax Requirement. In addition, in any Fiscal Year in which an elementary school located within or financed by CFD No. 6 is opened, the Assistant Superintendent shall reasonably determine the Special Tax Requirement A.

The Annual Special Tax shall be levied as follows:

1. <u>Special Tax Requirement</u>

An Annual Special Tax shall be levied on each Assessor's Parcel of Developed Property in an amount equal to the Assigned Annual Special Tax applicable to each such Assessor's Parcel.

2. Undeveloped Special Tax Requirement

If the Undeveloped Special Tax Requirement is greater than $0, an Annual Special Tax shall additionally be levied on every Assessor's Parcel of Undeveloped Property at the same amount per acre of Acreage as necessary to satisfy the Undeveloped Special Tax Requirement, up to the Assigned Annual Special Tax applicable to each such Assessor's Parcel.

3. Special Tax Requirement A

An Annual Special Tax shall additionally be levied on every Assessor's Parcel of Undeveloped Property located in Zone A at the same amount per acre of Acreage as necessary to satisfy the Special Tax Requirement A, up to the Zone A Assigned Annual Special Tax applicable to each such Assessor's Parcel.

SECTION G
PREPAYMENT OF ANNUAL SPECIAL TAX

The Annual Special Tax obligation of an Assessor's Parcel of Developed Property or an Assessor's Parcel of Undeveloped Property for which a Building Permit has been issued may be prepaid. An owner of an Assessor's Parcel intending to prepay the Annual Special Tax obligation shall provide CFD No. 6 with written notice of intent to prepay. Within thirty (30) days of receipt of such written notice, the Assistant Superintendent shall reasonably determine the Prepayment Amount of such Assessor's Parcel and shall notify such owner of such Prepayment Amount.

1. Bond Proceeds Allocation

Prior to the calculation of any Prepayment Amount, a calculation shall be performed to determine the amount of Bond proceeds that are allocable to the Assessor's Parcel for which the Annual Special Tax obligation is to be prepaid, if any. For purposes of this analysis, Bond proceeds shall equal the par amount of Bonds. For each series of Bonds, Bond proceeds of such series shall be allocated to each Assessor's Parcel in an amount equal to the Bond proceeds times the Prepayment Ratio applicable to such Assessor's Parcel for such series of Bonds. For each series of Bonds, an amount of Regularly Retired Principal shall also be allocated to each Assessor's Parcel, to be calculated pursuant to Section G.3.E. below. If, after such allocations, the amount of Bond proceeds allocated to the Assessor's Parcel for which the Annual Special Tax obligation is to be prepaid less the amount of Regularly Retired Principal allocated to such Assessor's Parcel is less than the sum of all the Gross Prepayment Amounts applicable to such Assessor's Parcel pursuant to Section G.2., then the Prepayment Amount for such Assessor's Parcel shall be calculated pursuant to Section G.2. Otherwise, the Prepayment Amount shall be calculated pursuant to Section G.3.

2. <u>Prepayment Amount for Assessor's Parcel with Allocation of Bonds Less than Applicable Gross Prepayment Amounts</u>

The Prepayment Amount for each Assessor's Parcel for which the Prepayment Amount is to be calculated pursuant to this Section G.2. shall be calculated by (i) counting all the Units of each Land Use Class applicable to such Assessor's Parcel, (ii) multiplying the sum of the Units for each Land Use Class for such Assessor's Parcel by the applicable Gross Prepayment Amount per Unit, and (iii) adding all the products derived from the immediately preceding step which are applicable to such Assessor's Parcel. This sum is the Prepayment Amount for the Assessor's Parcel. The Gross Prepayment Amounts for Calendar Year 1997 shall be determined by reference to Table 2 below.

<u>TABLE 2</u>
GROSS PREPAYMENT AMOUNT

Land Use Class	Unit Type	Gross Prepayment Amount 1997
Residential Property	Detached Unit	$16,328.43 per Unit
Residential Property	Attached Unit	$7,011.61 per Unit
Residential Property	Affordable Unit	$0.00 per Unit
Commercial/Industrial Property	NA	$0.00 per GFA

On each January 1, commencing January 1, 1998, the Gross Prepayment Amounts applicable to each Assessor's Parcel shall be increased by the greater of the annual percentage change in the Index or two percent (2.00%) of the amount in effect in the prior Fiscal Year. The annual percentage change in the Index shall be calculated for the twelve (12) months ending November 30 of the prior Calendar Year.

3. <u>Prepayment Amount for Assessor's Parcel with Allocation of Bonds Equal to or More than Applicable Gross Prepayment Amounts</u>

The Prepayment Amount for each Assessor's Parcel for which the Prepayment Amount is to be calculated pursuant to this Section G.3. shall be the amount calculated as shown below.

	Bond proceeds allocated to Assessor's Parcel
plus	A. Redemption Premium
plus	B. Defeasance
plus	C. Prepayment Fees and Expenses
less	D. Reserve Fund Credit
less	E. Regularly Retired Principal
less	F. Partial Prepayment Credit
equals	Prepayment Amount

Detailed explanations of items A through F follow:

A. Redemption Premium

The Redemption Premium is calculated by multiplying (i) the principal amount of the Bonds to be redeemed with the proceeds of the Prepayment Amount by (ii) the applicable redemption premium, if any, on the Bonds to be redeemed.

B. Defeasance

The Defeasance is the amount needed to pay interest on the portion of the Bonds to be redeemed with the proceeds of the Prepayment Amount until the earliest call date of the Bonds to be redeemed, net of interest earnings to be derived from the reinvestment of the Prepayment Amount until the redemption date of the portion of the Bonds to be redeemed with the Prepayment Amount. Such amount of interest earnings will be calculated reasonably by the Assistant Superintendent.

C. Prepayment Fees and Expenses

The Prepayment Fees and Expenses are the costs of the computation of the Prepayment Amount and an allocable portion of the costs of redeeming Bonds and recording any notices to evidence the prepayment and the redemption, as calculated reasonably by the Assistant Superintendent.

D. Reserve Fund Credit

The Reserve Fund credit, if any, shall be calculated as the sum of (i) the reduction in the applicable reserve fund requirements resulting from the redemption of Bonds with the Prepayment Amount, plus (ii) the reduction in the applicable reserve fund requirements attributable to the allocable portion of regularly scheduled retirement of principal that has occurred, as well as any other allocable portion of principal retired not related to Prepayment Amounts or Partial Prepayment Amounts. The allocable portion of regularly scheduled retirement of principal that has occurred means the total regularly scheduled retirement of principal that has occurred with respect to each series of Bonds times the applicable Prepayment Ratio for each such series of Bonds. The allocable portion of principal retired not related to Prepayment Amounts or Partial Prepayment Amounts means the total principal retired not related to Prepayment Amounts or Partial Prepayment Amounts with respect to each series of Bonds times the applicable Prepayment Ratio for each such series of Bonds.

E. Regularly Retired Principal

The Regularly Retired Principal is the total regularly scheduled retirement of principal that has occurred with respect to each series of Bonds times the applicable Prepayment Ratio for each such series of Bonds.

F. Partial Prepayment Credit

Partial prepayments of the Annual Special Tax obligation occurring prior to the issuance of Bonds will be credited in full. Partial prepayments of the Annual Special Tax obligation occurring subsequent to the issuance of Bonds will be credited in an amount equal to the greatest amount of principal of the Bonds that could have been redeemed with the Partial Prepayment Amount(s), taking into account Redemption Premium, Defeasance, Prepayment Fees and Expenses, and Reserve Fund Credit, if any, but exclusive of restrictions limiting early redemption on the basis of dollar increments, i.e., the full amount of the Partial Prepayment Amount(s) will be taken into account in the calculation. The sum of all applicable partial prepayment credits is the Partial Prepayment Credit.

With respect to an Annual Special Tax obligation that has been prepaid, the Assistant Superintendent shall reasonably indicate in the records of CFD No. 6 that there has been a prepayment of the Annual Special Tax and shall reasonably cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such prepayment of Annual Special Taxes, to indicate reasonably the prepayment of Annual Special Taxes and the release of the Annual Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such Annual Special Tax shall cease.

Notwithstanding the foregoing, no prepayment shall be allowed unless the amount of Annual Special Taxes that may be levied on Taxable Property both prior to and after the proposed prepayment is at least 1.1 times annual debt service on all outstanding Bonds.

SECTION H
PARTIAL PREPAYMENT OF ANNUAL SPECIAL TAX

At the time a Final Map is recorded for any Taxable Property, the owner filing said Final Map for recordation concurrently may elect for all of the Assessor's Parcels created by said Final Map to prepay a portion of the applicable Annual Special Tax obligation, provided that the Final Map contains at least 15 Detached Units or 30 Attached Units. The partial prepayment of the Annual Special Tax obligation for every Assessor's Parcel shall be collected prior to the issuance of a Building Permit. The Partial Prepayment Amount shall be calculated according to the following formula:

$$PP = P_G \times F.$$

These terms have the following meanings:

PP = the Partial Prepayment Amount
P_G = the Prepayment Amount calculated according to Section G
F = the percent by which the owner of the Assessor's Parcel is partially prepaying the Annual Special Tax obligation.

The owner of any Assessor's Parcel who desires such partial prepayment shall notify the Assistant Superintendent of (i) such owner's intent to partially prepay the Annual Special Tax obligation and, (ii) the percentage by which the Annual Special Tax obligation shall be prepaid. The Assistant Superintendent shall reasonably provide the owner with a statement of the amount required for the partial prepayment of the Annual Special Tax obligation for an Assessor's Parcel within thirty (30) days of the request and may reasonably charge a reasonable fee for providing this service.

With respect to an Annual Special Tax obligation that is partially prepaid, the Assistant Superintendent shall reasonably indicate in the records of CFD No. 6 that there has been a partial prepayment of the Annual Special Tax and shall reasonably cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such partial prepayment of Annual Special Taxes, to indicate reasonably the partial prepayment of Annual Special Taxes and the partial release of the Annual Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such prepaid portion of the Annual Special Tax shall cease.

Notwithstanding the foregoing, no partial prepayment shall be allowed unless the amount of Annual Special Taxes that may be levied on Taxable Property both prior to and after the proposed partial prepayment is at least 1.1 times annual debt service on all outstanding Bonds.

SECTION I
TERMINATION OF ANNUAL SPECIAL TAX

The Annual Special Tax shall be levied for a term of twenty-five (25) Fiscal Years after the last bond series is issued, but in no event shall the Annual Special Tax be levied later than Fiscal Year 2045-46.

SECTION J
EXEMPTIONS

The Assistant Superintendent shall not levy a special tax on Assessor's Parcels owned by the State of California, Federal or other local governments except as otherwise provided in Sections 53317.3, 53317.5 and 53340.1 of the Government Code or on Assessor's Parcels within the boundaries of CFD No. 6 which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization. Notwithstanding the above, the Assistant Superintendent shall not levy a special tax on Assessor's Parcels owned by a homeowners' association, Assessor's Parcels with public or utility easements making impractical their use for purposes other than those set forth in the easements, and Assessor's Parcels identified entirely as open space on a Final Map.

SECTION K

APPEALS

Any owner of an Assessor's Parcel claiming that the amount or application of the special tax is not correct may file a written notice of appeal with the Assistant Superintendent not later than one (1) calendar year after having paid the first installment of the special tax that is being disputed. The Assistant Superintendent shall reasonably and promptly review the appeal, and if necessary, reasonably meet with the property owner, reasonably consider written and oral evidence regarding the amount of the special tax, and reasonably rule on the appeal. If the Assistant Superintendent's decision reasonably requires that the special tax for an Assessor's Parcel be reasonably modified or reasonably changed in favor of the property owner, a cash refund shall not be made (except for the last year of levy), but an adjustment shall be made to the Annual Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s).

SECTION L
MANNER OF COLLECTION

The One-Time Special Tax shall be collected on or before the date a Building Permit is issued, provided that any portion of the One-Time Special Tax that is not collected at the issuance of a Building Permit may be levied on such Assessor's Parcel in any following Fiscal Year. The Annual Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided that CFD No. 6 may collect Annual Special Taxes at a different time or in a different manner if necessary to meet its financial obligations.

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APPENDIX C

ASSESSED VALUE ANALYSIS AND SUMMARY APPRAISAL REPORT

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ASSESSED VALUE ANALYSIS & SUMMARY APPRAISAL REPORT

COVERING

Poway Unified School District
Community Facilities District No. 6
(4S Ranch)
Special Tax Refunding Bonds, Series 2012

DATE OF VALUE:

March 1, 2012

SUBMITTED TO:

Poway Unified School District
13626 Twin Peaks Rd.
Poway, CA 92064

Attn: Sandra G. Burgoyne
Planning Director

DATE OF REPORT:

April 6, 2012

SUBMITTED BY:

Stephen G. White, MAI
1370 N. Brea Blvd., Suite 255
Fullerton, CA 92835

Stephen G. White, MAI

MAI

Real Estate Appraiser

1370 N. BREA BLVD., SUITE 255 · FULLERTON, CALIFORNIA 92835-4173
(714) 738-1595 · FAX (714) 738-4371

April 6, 2012

Poway Unified School District
13626 Twin Peaks Rd.
Poway, CA 92064

Re: Community Facilities District No. 6
(4S Ranch)

Attn: Sandra G. Burgoyne
Planning Director

Dear Ms. Burgoyne:

In accordance with your request, I have completed an assessed value analysis of the taxable properties in CFD No. 6 that are located in Neighborhoods One through Three, and an appraisal of the taxable properties that are located in Neighborhood Four which are categorized as "developed property" or those parcels for which building permits had been issued as of March 1, 2012.

Neighborhoods One through Three consist of 32 different product types of detached and attached homes. There are a total of 3,511 homes or parcels included in this assessed value analysis, excluding the homes or parcels within this CFD for which the special taxes have been prepaid, all of which are categorized as "developed property" and which consist of completed homes. Neighborhood Four consists of 4 different product types of detached homes, one of which was recently built and sold-out and three of which still have homes under construction. There are a total of 226 homes or parcels included in this appraisal, excluding the homes or parcels for which the special taxes have been prepaid, and including 178 completed homes, 13 homes under construction and 35 vacant lots for which building permits had been issued as of March 1, 2012.

The purpose of the assessed value analysis is to consider the total and the average assessed values, which are as of January 1, 2011, for the pertinent parcels in Neighborhoods One through Three. In addition, the range and average of the percentage variance from sale prices to assessed value is calculated for homes where a closed sale has occurred since January 1, 2011 or pending sales existed as of the March 1, 2012 date of value. It is noted that the percentage variance is calculated by the sale price minus the assessed value, divided by the assessed value.

The purpose of the appraisal is to estimate the separate aggregate market values on a mass appraisal basis of the as is condition of the pertinent parcels within the 4 product types comprising Neighborhood Four. The as is condition reflects the status of completed-sold homes (closed sales to individual homeowners), and the builder ownership consisting of completed-unsold homes, homes under construction and vacant lots.

Assessed Value Analysis

The data for the assessed value analysis is summarized in the following separate tables for Neighborhoods One through Three and by each separate product type:

Neighborhood One By Product Type	**Total A.V.**	**No. Homes**	**Average A.V.**	**No. Sales**	**Range % Var. Sale Price/A.V.**	**Avg. % Var. Sale Price/A.V.**
Ryland Heritage	$55,261,478	75	$736,820	1	+2.8%	+2.8%
Summerwood	$45,892,660	95	$483,081	10	-6.1% to +13.1%	+0.1%
Tanglewood	$68,680,302	161	$426,586	11	-11.3% to +28.4%	+0.3%
Cedar Creek	$46,045,959	80	$575,574	5	-8.0% to +11.4%	+6.2%
Amherst	$49,620,823	80	$620,260	2	-10.3% to -8.5%	-9.4%
Homestead	$66,738,490	103	$647,947	4	-9.8% to +11.4%	+1.6%
Garden Gate	$69,687,304	133	$523,965	13	-24.6% to +18.5%	-4.0%
Talavera	$101,979,698	126	$809,363	7	-6.1% to +9.5%	+3.4%
Providence	$92,311,728	122	$756,654	5	-19.7% to +23.6%	-1.6%
Legacy	$71,125,569	107	$664,725	9	-10.6% to +70.9%	+15.0%
	$667,344,011	1,082	$616,769	67	-24.6% to +70.9%	+1.4%

Neighborhood Two By Product Type	**Total A.V.**	**No. Homes**	**Average A.V.**	**No. Sales**	**Range % Var. Sale Price/A.V.**	**Avg. % Var. Sale Price/A.V.**
Belle Rive	$50,971,193	82	$621,600	6	-9.9% to +14.3%	-1.7%
Canyon Ridge	$54,305,035	74	$733,852	2	-15.9% to +4.6%	-5.7%
Palomino	$83,761,410	97	$863,520	6	-7.1% to +11.3%	+1.8%
Avery Lane	$58,626,544	75	$781,687	5	-4.9% to +7.7%	+0.5%
Cambridge	$45,178,089	65	$695,048	0	n/a	n/a
Terreno	$85,737,237	105	$816,545	5	-21.8% to +6.4%	-5.3%
Ivy Gate	$81,504,960	66	$1,234,924	12	-23.0% to +23.6%	+0.2%
	$460,084,468	564	$815,753	36	-23.0% to +23.6%	-1.7%

Neighborhood Three By Product Type	**Total A.V.**	**No. Homes**	**Average A.V.**	**No. Sales**	**Range % Var. Sale Price/A.V.**	**Avg. % Var. Sale Price/A.V.**
Reunion	$50,796,007	66	$769,636	8	-12.6% to +2.0%	-7.3%
Travata	$48,382,712	65	$744,349	7	-14.1% to +4.5%	-6.4%
SilverCrest	$86,569,316	127	$681,648	7	-14.8% to +11.8%	-2.3%
Rosemary Lane	$83,289,461	133	$626,237	6	-20.9% to +17.1%	-0.5%
Silhouette	$52,660,571	96	$548,548	25	-12.0% to +295.6%	+186.2%
Maybeck	$81,435,182	120	$678,627	4	-10.0% to +3.7%	-0.8%
Garden Walk	$70,205,839	135	$520,043	12	-6.0% to +16.7%	+0.7%
Bridgeport	$70,078,341	218	$321,460	20	-31.3% to +0.2%	-8.3%
Gianni	$83,880,035	206	$407,185	18	-34.9% to +5.9%	-15.0%

Neighborhood Three By Product Type	Total A.V.	No. Homes	Average A.V.	No. Sales	Range % Var. Sale Price/A.V.	Avg. % Var. Sale Price/A.V.
San Moritz	$49,276,799	140	$351,977	19	-23.6% to +15.7%	-7.2%
Amante	$58,117,798	127	$457,620	19	-7.5% to +15.1%	+3.6%
Ravenna	$75,906,897	199	$381,442	14	-8.0% to +6.7%	-1.3%
Chanteclair	$65,493,284	99	$661,548	4	-4.3% to +5.4%	+0.7%
Evergreen	$45,648,079	64	$713,251	3	-11.0% to +3.9%	-3.6%
Pienza	$49,349,922	70	$704,999	1	+3.3%	+3.3%
	$971,090,243	1,865	$520,692	167	-34.9% to +295.6%	+9.5%
GRAND TOTALS	$2,098,518,722	3,511	$597,698	270	-34.9% to +295.6%	+4.7%

(Note: The high percentage variances from sale price to assessed value for 20 of the parcels for the Silhouette product type are from builder sales in which the assessed values are low since they reflect either vacant lots or homes under construction as of January 1, 2011. If excluding the builder sales, the 5 resales indicate a variance of -12.0% to +5.7%, or an average of -4.1%. For all of Neighborhood Three, the revised range is -34.9% to +17.1% or an average of -3.2%, and the Grand Total is then revised to -34.9% to +70.9% or an average of -1.4%.)

Appraisal Analysis

Based on the general inspections of the properties and analysis of matters pertinent to value, the following conclusions of market value have been arrived at, subject to the Assumptions and Limiting Conditions, and as of March 1, 2012:

Neighborhood Four By Product Type		No. Lots	Market Value
The Pines			
	Individual Owners:	15	$10,275,000
	Builder Ownership:	23	$ 9,385,000
		38	$19,660,000
The Willows			
	Individual Owners:	13	$ 9,880,000
	Builder Ownership:	25	$10,265,000
		38	$20,145,000
Monteluz			
	Individual Owners:	60	$45,600,000
Andalusia			
	Individual Owners:	71	$48,280,000
	Builder Ownership:	19	$ 9,970,000
		90	$58,250,000
	TOTALS	226	$143,655,000

(ONE HUNDRED FORTY-THREE MILLION SIX HUNDRED FIFTY-FIVE THOUSAND DOLLARS)

The following is the balance of this 196-page report which includes the Certification, Assumptions and Limiting Conditions, definitions, property data, exhibits, assessed value and valuation analyses, and market data from which the conclusions were derived.

Sincerely,

Stephen G. White, MAI
(State Certified General Real Estate
Appraiser No. AG 013311)

SGW:sw
Ref: 12005

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CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the properties that are the subject of this report, and no personal interest with respect to the parties involved.
- I have no bias with respect to the properties that are the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of the appraisal.
- I have made a personal though general/mass inspection of the properties that are the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this Certification, other than data research by my associate, Kirsten Patterson.
- I have performed a previous appraisal of most of the subject properties within the three years prior to this assignment.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of this report, I have completed the requirements of the continuing education program of the Appraisal Institute.

Stephen G. White, MAI
(State Certified General Real Estate
Appraiser No. AG013311)

ASSUMPTIONS AND LIMITING CONDITIONS

This analysis has been based upon the following assumptions and limiting conditions:

1. No responsibility is assumed for the legal descriptions provided or for matters pertaining to legal or title considerations. Title to the properties is assumed to be good and marketable unless otherwise stated.

2. The properties are analyzed free and clear of any or all liens or encumbrances unless otherwise stated.

3. Responsible ownership and competent property management are assumed.

4. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

5. All engineering studies, if applicable, are assumed to be correct. Any plot plans or other illustrative material in this report are included only to help the reader visualize the properties.

6. It is assumed that there are no hidden or unapparent conditions of the properties, subsoil, or structures that render them more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.

7. It is assumed that the properties are in full compliance with all applicable federal, state and local environmental regulations and laws unless the lack of compliance is stated, described and considered in this report.

8. It is assumed that the properties conform to all applicable zoning and use regulations and restrictions unless a nonconformity has been identified, described and considered in this report.

9. It is assumed that all required licenses, certificates of occupancy, consents and other legislative or administrative authority from any local, state or national government or private entity or organization have been or can be obtained or renewed for any use on which the analyses contained in the report is based.

10. It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the properties described and that there are no encroachments or trespasses unless noted in the report.

11. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the properties, was not observed by the appraiser. However, the appraiser is not qualified to detect such substances. The presence of such substances may affect the value of the properties, but the values discussed in

this analysis are based on the assumption that there is no such material on or in the properties that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The client should retain an expert in this field, if desired.

12. Any allocation of the total value estimated in this report between the land and the improvements applies only under the stated program of utilization. The separate values allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.

13. Possession of this report, or a copy thereof, does not carry with it the right of publication, unless otherwise authorized. It is understood and agreed that this report will be utilized in the Preliminary Official Statement and the Official Statement, as required for the bond issuance.

14. The appraiser, by reason of this analysis, is not required to give further consultation or testimony or to be in attendance in court with reference to the properties in question unless arrangements have previously been made.

PURPOSE AND INTENDED USE/USER OF THE ANALYSES

The purpose of the assessed value analysis is to consider the total and the average assessed values, which are as of January 1, 2011, for the pertinent parcels located within the 32 different product types within Neighborhoods One through Three. In addition, the range and average of the percentage variance from sale prices to assessed value is calculated for homes where a sale has occurred since January 1, 2011. The purpose of the appraisal analysis is to estimate the aggregate market value of the as is condition of the pertinent parcels located within the 4 product types within Neighborhood Four. All of the pertinent properties are located within Community Facilities District No. 6 (4S Ranch) of the Poway Unified School District. It is intended that this report is to be used by the client, the financing team and others as required as part of the CFD bond issuance.

SCOPE OF THE ANALYSES

It is the intent of this analysis that all appropriate data considered pertinent in the analysis of the subject properties be collected, confirmed and reported in this Assessed Value Analysis and Summary Appraisal Report, in conformance with the Uniform Standards of Professional Appraisal Practice and the guidelines of the California Debt and Investment Advisory Commission. This has included a general/mass inspection of the subject properties and an inspection of the general surroundings; review of various maps and documents relating to the properties and the developments which have taken place and are proposed to be constructed; obtaining of pertinent property data on the subject properties from a variety of sources; obtaining of comparable home and bulk lot sales from a variety of sources; and analysis of all of the data to the Assessed Value Analysis indications of the percentage variance from recent sale prices to the respective assessed values and to the conclusions of market value on a mass appraisal basis.

DATE OF VALUE

The date of value for this appraisal is March 1, 2012.

PROPERTY RIGHTS APPRAISED

The appraisal portion of the analysis is of the fee simple interest in the pertinent subject properties, subject to the CFD special tax and assessment liens.

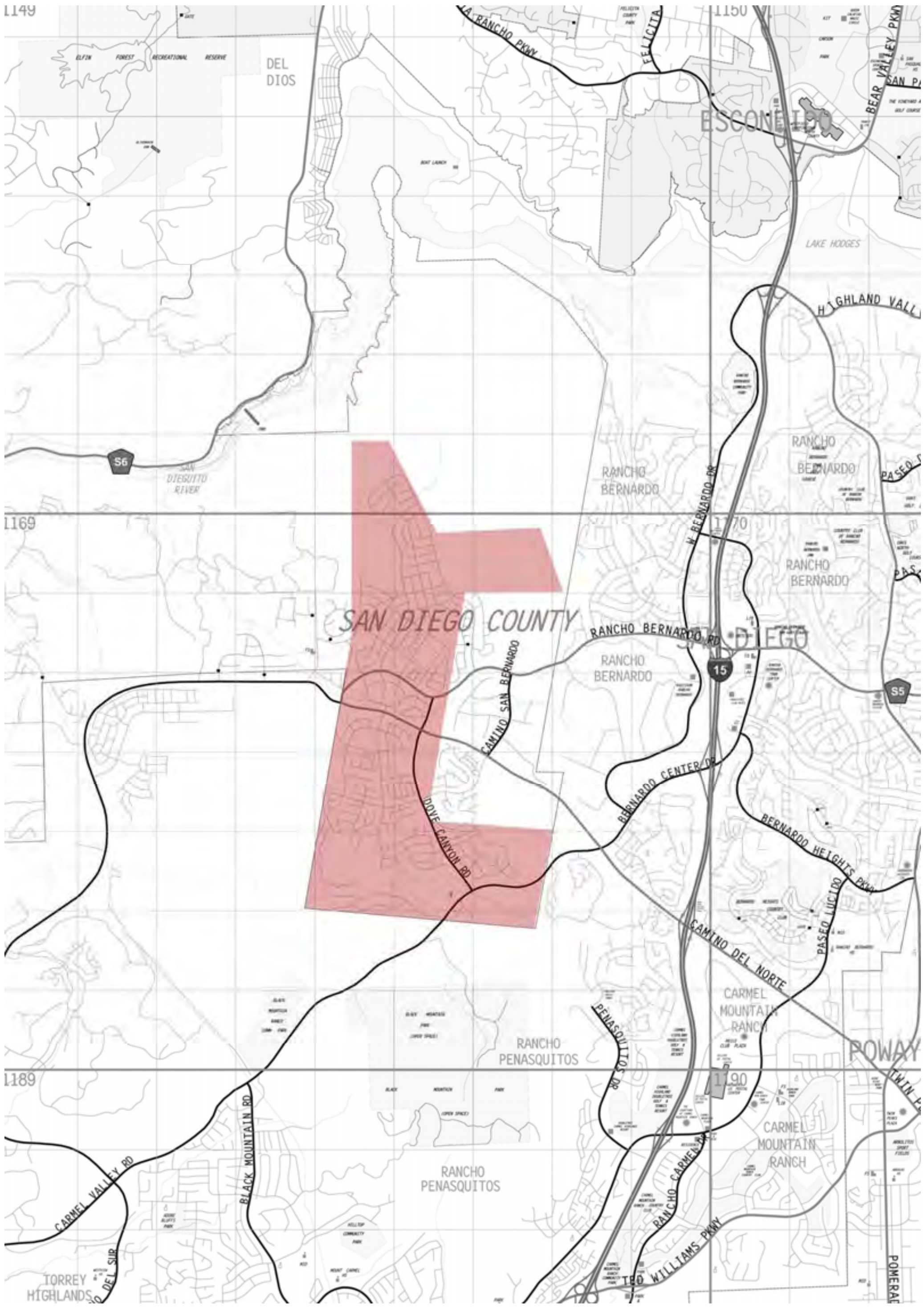
DEFINITION OF MARKET VALUE

The most probable price that the specified property interest should sell for in a competitive market after a reasonable exposure time, as of a specified date, in cash, or in terms equivalent to cash, under all conditions requisite to fair sale, with the buyer and seller each acting prudently, knowledgeably, for self-interest, and assuming that neither is under duress. (The Dictionary of Real Estate Appraisal, Fifth Edition)

DEFINITION OF FINISHED LOT

This term describes the condition of residential lots in a single-family subdivision for detached homes in which the lots are fully improved and ready for homes to be built. This reflects that the lots have all development entitlements, infrastructure improvements completed, finish grading completed, all in-tract utilities extended to the property line of each lot, street improvements completed, common area improvements/landscaping (associated with the tract) completed, resource agency permits (if necessary), and all development fees paid, exclusive of building permit fees, in accordance with the conditions of approval of the specific tract map.

LOCATION MAP



GENERAL PROPERTY DATA

LOCATION

The map on the opposite page indicates the approximate location of 4S Ranch, with Neighborhoods One and Two being located south of Camino Del Norte and on both sides of 4S Ranch Parkway, and Neighborhoods Three and Four being located north of Camino Del Norte. This location is in unincorporated San Diego County, just under 2 miles west of the 15 Freeway, but with a San Diego mailing address.

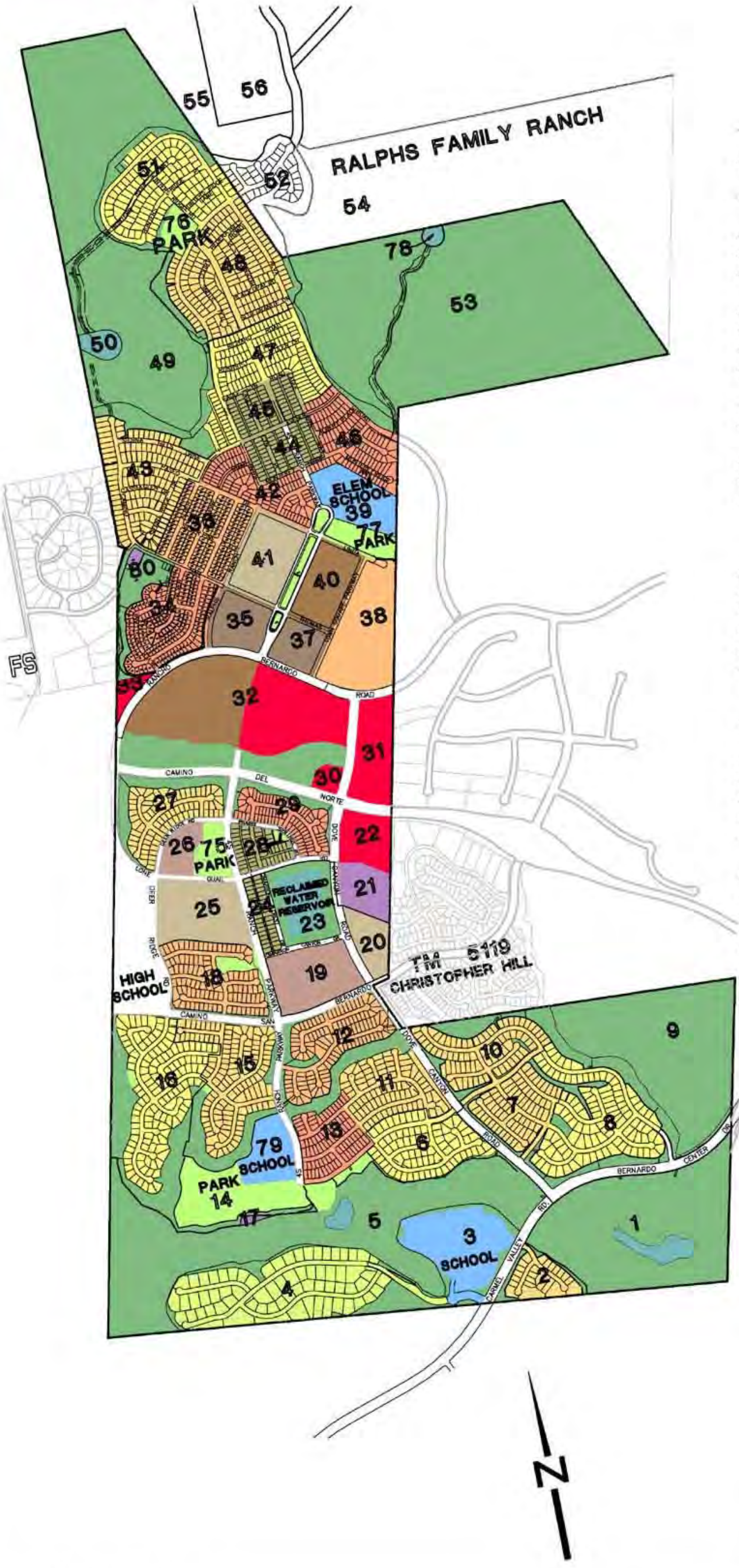
GENERAL AREA DESCRIPTION

The immediate subject area is located within unincorporated San Diego County, with the most northerly end of the City of San Diego surrounding the south portion of the subject area nearby to the west, south and east. The subject area is located about 23 miles northerly of downtown San Diego, and about 10 miles inland of the ocean at Encinitas and Solana Beach.

The area to the north is mostly hilly and undeveloped for some distance, with Lake Hodges being located several miles to the north and the City of Escondido farther to the north and northeast. Nearby to the east/northeast is the community of Rancho Bernardo within the City of San Diego and nearby to the southeast is the community of Rancho Penasquitos within the City of San Diego. Farther to the east is the City of Poway.

To the south is a large area of undeveloped land, sloping down into a valley area then sloping up into a hilly area. This area is within the City of San Diego, and includes the large open space area of Black Mountain Ranch and Black Mountain Park. Farther south is more of the community of Rancho Peñasquitos. To the west and southwest is the recently developing community of Del Sur, which is part of the overall Black Mountain Ranch project. This community is planned for a total of ±3,000 dwelling units, including ±200 affordable apartment units. Home construction started in late 2005 and thus far over 1,000 homes have been completed and sold. In addition, the community will include some commercial space.

The subject area is a desirable residential area due to its relatively close-in location to central San Diego and the good freeway proximity. The subject area also has good arterial road access by Camino Del Norte and Rancho Bernardo Rd., both of which have interchanges at the 15 Freeway. Many stores, restaurants and commercial services are available in the commercial areas in the center of the community, and there are two elementary schools, a middle school and a high school within 4S Ranch. There are also the nearby recreational facilities at Lake Hodges and Lake Poway, various nearby golf courses, and ocean recreation within 10 miles.



DEVELOPMENT SUMMARY

BUILDER	PLANNING AREA NUMBER	TRACT/USE	MIN LOT SIZE/ ZONE	NO. DU's
	1	OPEN SPACE		–
K. HOVNANIAN	2	SFD	60 x 105	24
	3	MIDDLE SCHOOL		–
WOODBRIDGE HOMES	4	SFD	110 x 120	66
	5	OPEN SPACE		–
K. HOVNANIAN	6	SFD	70 x 105	73
FIELDSTONE COMM	7	SFD	60 x 105	65
STD. PACIFIC	8	SFD	65 x 125	105
	9	OPEN SPACE		–
PULTE	10	SFD	60 x 105	75
CENTEX	11	SFD	60 x 105	75
CHRISTOPHER	12	5067–6	50 x 100	108
BUIE	13	SFD	45 x 100	82
	14	PARK		–
WILLIAM LYON HOMES	15	5067–5	60 x 100	123
DAVIDSON	16	5067–4	70 x 100	126
	17	PUMP STATION		–
FIELDSTONE COMM	18	5067–3	56 x 98	103
SEA COUNTRY	19	5266	RV9	133
BRIDGE	20	MF LOW	C34	120
	21	WATER RECLAMATION PLANT		–
	22	COMMERCIAL	C36	–
	23	RECLAIMED WATER RESERVOIR		–
BROOKFIELD HOMES	24	5067–8	50 x 103	34
WILLIAM LYON HOMES	25	5256	RV–12	202
WILLIAM LYON HOMES	26	5258	RV–9	54
RYLAND HOMES	27	5067–1	60 x 100	75
BROOKFIELD HOMES	28	5067–7	50 x 103	46
DR. HORTON	29	5067–2	42 x 100	80
	30	COMMERCIAL	C35	–
	31	COMMERCIAL	C35	–
SARES REGIS/REGENCY CTRS	32	MF/COMMERCIAL	MF18/C34	540
	33	COMMERCIAL	C35	–
JOHN LAING HOMES	34	SFD	45 x 90	133
LENNAR HOMES	35	MF	RM–29	218
FIELDSTONE COMM	36	SFD	50 x 100	127
SHEA HOMES	37	MF	RM–29	140
WILLIAM LYON HOMES	38	MF	RV–14	326
	39	ELEMENTARY SCHOOL		–
STD PACIFIC	40	MF	RV–18	209
SEA COUNTRY	41	SFD	RV–12	136
JOHN LAING HOMES	42	SFD	42 x 100	96
DAVIDSON/STD PACIFIC	43	SFD	60 x 105	131
WILLIAM LYON HOMES	44	SFD	50 x 103	60
WILLIAM LYON HOMES	45	SFD	50 x 103	60
BUIE	46	SFD	45 x 90	101
K. HOV/ FIELDSTONE	47	SFD	50 x 100	134
	48	SFD	60 x 100	175
	49	OPEN SPACE		–
	50	WATER TANK		–
	51	SFD	70 x 100	114
	52	SFD (RALPHS)		25
	53	OPEN SPACE		–
	75	PARK		–
	76	PARK		–
	77	PARK		–
	78	WATER TANK		–
	79	SCHOOL		–
	80	OPEN SPACE/DETENTION BASIN		–
	80	PUMP STATION		–
	64	RALPHS FAMILY RANCH (NOT SHOWN)		11
		TOTAL		4,505

AUGUST 10, 2005

NOLTE
BEYOND ENGINEERING
15070 AVENUE OF SCIENCE, SUITE 100 SAN DIEGO, CA 92128
858.385.0500 TEL 858.385.0400 FAX WWW.NOLTE.COM

4S Ranch

4S RANCH

MASTER DEVELOPMENT PLAN

N: \SD0355\CADD\T3\ET_MTM.DWG

DESCRIPTION OF 4S RANCH

Overview

4S Ranch is a mixed-use master planned community that contains a total of ±2,900 acres. The community is planned for a total of over 4,000 dwelling units, consisting of mostly single family detached homes, but also including some attached homes and apartments. There is also a 53-acre mixed-use district called 4S Commons which includes the 4S Commons Town Center that includes tenants such as World Market, Ralph's, Bed Bath & Beyond, CVS/Pharmacy, Ace Hardware, Pet People, Wells Fargo Bank, Bank of America, Chase Bank, and various other stores and restaurants. In addition, there is a nearby L.A. Fitness, and a separate and smaller commercial center called 4S Ranch Village that includes Union Bank, Starbucks, Subway, Chevron gas station with car wash, and various other stores.

Community amenities include four schools (two elementary schools, a middle school and a high school), a fire station, a sheriff substation, a library, 1,600 acres of permanent open space/wildlife habitat, a 25-acre community park with Little League and soccer fields, three neighborhood parks, pocket parks and public greens, and more than 10 miles of hiking and biking trails winding throughout the community. The trails connect to the pedestrian promenades along 4S Ranch Parkway, providing walking or biking access from throughout the community to the 4S Commons. There is also a community-wide intranet system.

4S Ranch was granted Specific Plan approval in 1999, and the first residential land sales to builders closed in December 1999, located in Neighborhood One in the southwest part of the community. Construction of the first homes commenced shortly thereafter, and there are now 33 built-out tracts or product types of homes. There are also three other product types of homes that are currently under construction at the northerly end of the community, which are called The Pines, The Willows and Andalusia and are included in this appraisal. The last product type that will be developed is called Mission Ranch, consisting of 25 lots that are also located at the northerly end of the community. The lots are ±12,000 s.f. minimum size and are currently being graded, and are planned for homes ranging in size from about 4,200 s.f. to 4,500 s.f. Since building permits were not issued on these lots prior to March 1, 2012, the lots have not been included in this analysis.

Streets and Access

The primary access to 4S Ranch is by Camino Del Norte and Rancho Bernardo Rd., which are primary roads extending northwesterly and westerly to this area from the 15 Freeway.

Access into Neighborhoods One and Two is by Dove Canyon Rd. and 4S Ranch Parkway which extend southerly from Camino Del Norte, and by Bernardo Center Dr./Carmel Valley Rd. which extends southwesterly from Camino Del Norte. 4S

Ranch Parkway extends north-south through the overall community providing access to Neighborhoods One through Four.

Primary access into Neighborhoods Three and Four is by 4S Ranch Parkway and Ralphs Ranch Rd. which extend northeasterly from Rancho Bernardo Rd.

Utilities

The utilities for the community are provided as follows:

Water & Sewer:	Olivenhain Municipal Water District
Gas & Electric:	San Diego Gas & Electric
Telephone:	Pacific Bell
Cable:	Cox Communication and Time Warner

Zoning/Approvals

As previously indicated, 4S Ranch was granted Specific Plan approval in 1999. This approval provides for the zoning and necessary approvals for the planned residential development of the subject properties within Neighborhoods One through Four. In addition, there are recorded tract maps that include all of the subject properties.

Drainage/Flood Hazard

Drainage is within master-planned facilities that have been constructed throughout the community. Neighborhood One is generally above grade of Camino Del Norte, and then gradually sloping down to the south into Neighborhood Two. Neighborhoods Three and Four have a gradual slope up to the north/northwest into the hills. None of the developable areas in 4S Ranch are within the floodplain.

Topography/Views

As noted above, Neighborhood One is generally above grade of Camino Del Norte and gradually sloping down to the south into Neighborhood Two, while Neighborhoods Three and Four have a gradual slope up to the north/northwest into the hills. The result is that with the minor terracing within or between the various different neighborhoods or product types, some of the lots in the community have territorial views of hills to the north or south/southeast, though these are fairly limited views.

Soil/Geologic Conditions

This appraisal has assumed that all necessary grading and compacting has been properly completed by the master developer and the various merchant builders, and that there are no abnormal soil or geologic conditions that would affect the continued use of the developed properties or the continuing development of remaining vacant lots as planned.

Environmental Conditions

This appraisal has assumed that all necessary environmental permits and approvals have been obtained for the development of 4S Ranch. It has also been assumed that there are no other environmental conditions, including endangered species or significant habitat, watercourses or wetlands that would have a negative effect on the existing or planned development.

Highest & Best Use

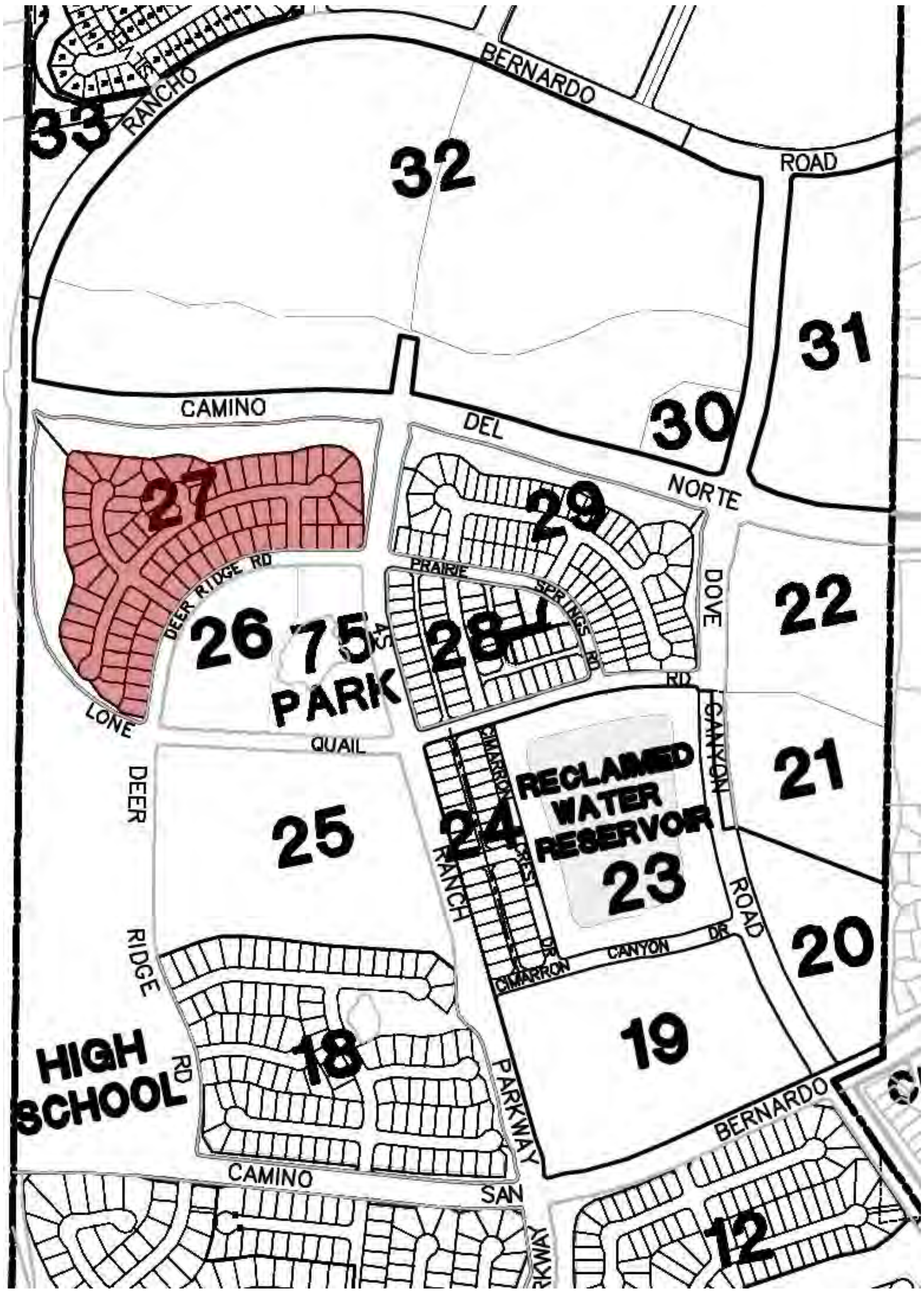
The term highest and best use is defined as the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Furthermore, the highest and best use of land or a site as though vacant is defined as among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination.

In terms of legal permissibility, the existing and planned residential development on the subject lots is permitted by the zoning as well as by the entitlements represented by the recorded tract maps. In terms of physical possibility, the existing and planned residential development was and is possible due to the land development work for the overall community that resulted in lots that are in finished or near finished condition.

In terms of the financial feasibility and maximum productivity, it is noted that at the appropriate price points there has been fairly good recent sales activity in all of the different product types of subject homes, including builder sales in the product types with new homes still being built as well as resales in product types that have been completed for a number of years.

In summary, I have concluded that the highest and best use for the subject properties is as improved for the completed homes, and as proposed for the homes currently under construction and for the vacant lots.

MAP OF RYLAND HERITAGE



RYLAND HERITAGE

PROPERTY DATA

This product type is located at the southwesterly corner of Camino Del Norte and 4S Ranch Parkway, extending south to Deer Ridge Rd.

This product type is described as Lots 1 through 75 of County of San Diego Tract No. 5067-1, according to Map No. 13968. The 75 lots comprise Assessor Parcel Nos. are 678-520-01 to 23, 26 to 57, 59 to 60; 678-521-01 to 09, 12 to 18 and 20 to 21, and the assessed values (A.V.) range from $41,074 to $908,165.

This product type comprises a total of 75 lots. The minimum lot size is 6,000 s.f., or ±60' by 100'.

These lots were developed by Ryland Homes in 2001 and 2002 with 75 homes called Ryland Heritage at 4S Ranch. There are three floor plans, and the approximate number, size and description of each plan is as follows:

> Plan 1 (±22): 3,643 s.f., two-story, with 4 bedrooms, loft, office, family room, breakfast nook, 4½ baths and 2-car garage with options of master retreat, bonus room and bedroom 5.
>
> Plan 2 (±27): 3,798 s.f., two-story, with 4 bedrooms, master retreat, bonus room, tech center, den, family room, breakfast nook, 3 baths, and 3-car tandem garage with options of bedrooms 5, 6 and 7 and baths 4 and 5.
>
> Plan 3 (±26): 4,039 s.f., two-story, with 5 bedrooms, master retreat, tech center, den, family room, breakfast nook, 3½ baths and 3-car tandem garage, with options of bonus room, super family room, media room, bedrooms 6 and 7 and baths 4 and 5.

Per Assessor data, the homes in this product type range in size from 3,643 s.f. to 4,316 s.f. or an average of 3,874 s.f.

ANALYSIS

Per the spreadsheet on the following pages, the following data is indicated:

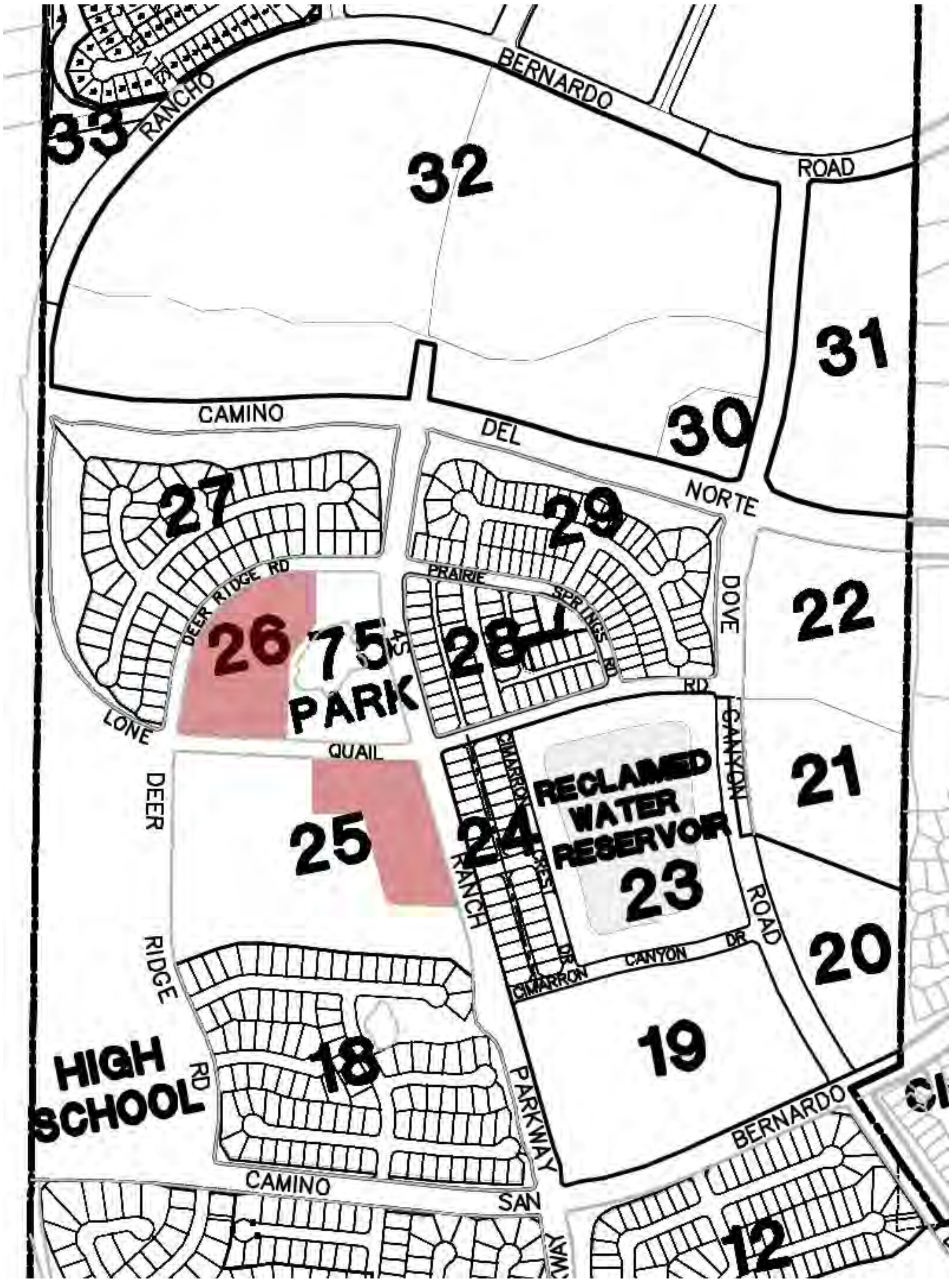
- Total A.V. for product type: $55,261,478
- Average A.V. for product type: $736,820
- Variance from sale price to A.V.: +2.8%

It is noted that there was only one sale in this product type, which was a short sale in which the sale price indicated +2.8%, or 2.8% higher than the A.V. Due to the sale type, the price would tend to be on the conservative side, resulting in a conservative indication at +2.8%.

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-520-01-00	4,268	842,408				
678-520-02-00	4,005	790,000				
678-520-03-00	3,943	757,410				
678-520-04-00	4,069	41,074				
678-520-05-00	4,069	707,332				
678-520-06-00	3,824	740,000				
678-520-07-00	3,643	749,080				
678-520-08-00	4,069	654,049				
678-520-09-00	3,643	730,458				
678-520-10-00	3,824	755,000				
678-520-11-00	4,268	794,763				
678-520-12-00	3,824	731,992				
678-520-13-00	3,824	711,446				
678-520-14-00	3,643	790,000				
678-520-15-00	3,824	650,677				
678-520-16-00	4,069	825,240				
678-520-17-00	3,824	680,544				
678-520-18-00	3,643	744,000	Dec-11	Short	765,000	+2.8%
678-520-19-00	3,824	654,828				
678-520-20-00	4,069	639,838				
678-520-21-00	3,643	651,267				
678-520-22-00	3,824	644,450				
678-520-23-00	3,824	673,739				
678-520-26-00	3,643	808,000				
678-520-27-00	4,069	709,025				
678-520-28-00	3,824	844,318				
678-520-29-00	3,643	792,000				
678-520-30-00	4,069	708,798				
678-520-31-00	3,643	728,628				
678-520-32-00	3,824	688,040				
678-520-33-00	4,069	809,000				
678-520-34-00	3,643	666,016				
678-520-35-00	4,069	815,665				
678-520-36-00	3,824	718,070				
678-520-37-00	3,643	802,000				
678-520-38-00	3,824	908,165				
678-520-39-00	4,069	802,605				
678-520-40-00	4,069	699,417				
678-520-41-00	3,643	836,249				
678-520-42-00	4,069	807,882				
678-520-43-00	3,824	665,120				
678-520-44-00	3,643	716,143				
678-520-45-00	4,069	825,000				
678-520-46-00	3,824	700,886				
678-520-47-00	3,643	679,771				
678-520-48-00	4,069	797,317				
678-520-49-00	3,824	734,803				
678-520-50-00	3,643	690,599				
678-520-51-00	3,824	793,814				
678-520-52-00	4,069	729,149				
678-520-53-00	3,824	805,000				
678-520-54-00	3,643	810,000				
678-520-55-00	3,824	773,578				

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-520-56-00	4,069	875,000				
678-520-57-00	3,824	755,958				
678-520-59-00	3,643	672,586				
678-520-60-00	4,069	860,000				
678-521-01-00	3,824	686,887				
678-521-02-00	3,643	613,320				
678-521-03-00	4,069	828,000				
678-521-04-00	3,643	733,000				
678-521-05-00	3,824	619,316				
678-521-06-00	3,643	583,338				
678-521-07-00	4,316	855,000				
678-521-08-00	3,824	907,336				
678-521-09-00	3,643	680,775				
678-521-12-00	4,069	724,822				
678-521-13-00	3,824	635,340				
678-521-14-00	4,285	829,240				
678-521-15-00	4,293	795,000				
678-521-16-00	3,824	811,061				
678-521-17-00	4,069	763,682				
678-521-18-00	3,643	740,735				
678-521-20-00	4,069	716,429				
678-521-21-00	3,643	750,000				
TOTAL		55,261,478			765,000	
NO. PARCELS		75			1	
AVERAGE		736,820			765,000	+2.8%
MINIMUM		41,074				+2.8%
MAXIMUM		908,165				+2.8%

MAP OF SUMMERWOOD



SUMMERWOOD

PROPERTY DATA

This product type is located at the northeast corner of Lone Quail Rd. and Deer Ridge Rd. and at the southwest corner of 4S Ranch Parkway and Lone Quail Rd.

This product type is described as Lot 1 of County of San Diego Tract No. 5258-1, according to Map No. 14454 and a portion of Lot 1 of County of San Diego Tract No. 5256-1, according to Map No. 14396. The 95 lots consist of Assessor Parcel Nos. 678-502-01-01 to 12, 678-502-02-01 to 15, 678-502-03-01 to 14, 678-503-01-01 to 13, 678-503-02-01 to 12, 678-503-03-01 to 14 and 678-503-04-01 to 15, and the assessed values range from $256,961 to $584,366.

This product type comprises a total of 95 lots in a condominium-type subdivision. The lot sizes range from 2,800 s.f. to 3,000 s.f.

These lots were developed by William Lyon Homes in 2002 and 2003 with 95 homes called Summerwood at 4S Ranch. There are three floor plans and the number and description of each plan is as follows:

Plan 1 (28): 1,644 s.f., two-story, with 3 bedrooms, 2½ baths and a 2-car garage.

Plan 2 (34): 1,931 s.f., two-story, with 3 bedrooms, master retreat, 2½ baths and a 2-car garage.

Plan 3 (33): 2,043 s.f., two-story, with 3 bedrooms, master retreat, loft or optional bedroom 4, den, 2½ baths and a 2-car garage.

Per Assessor data, the homes in this product type range in size from 1,644 s.f. to 2,043 s.f. or an average of 1,885 s.f.

ANALYSIS

Per the spreadsheet on the following pages, the following data is indicated:

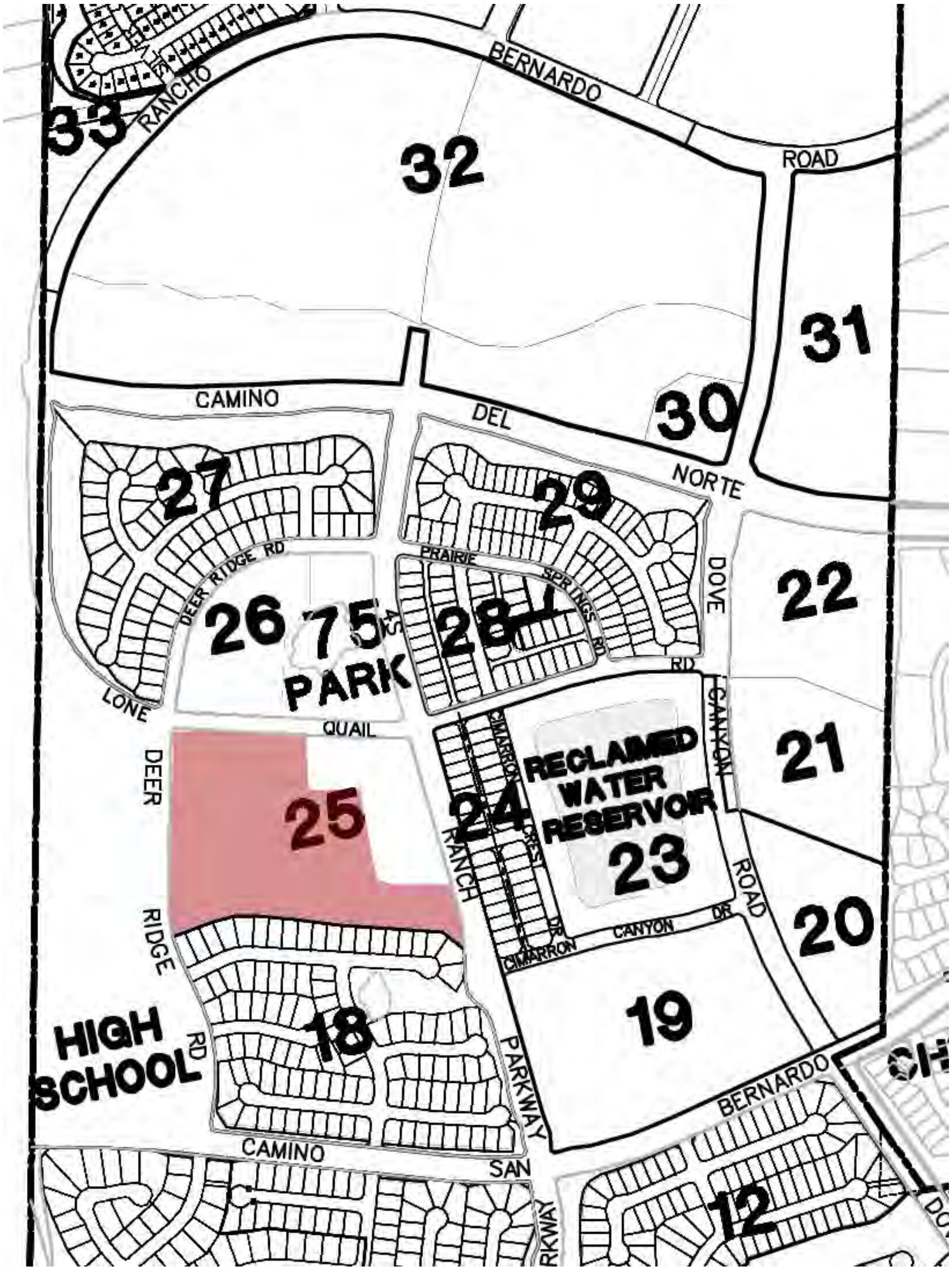
- Total A.V. for product type: $45,892,660
- Average A.V. for product type: $483,081
- Variance from sale price to A.V.: -6.1% to +13.1%, or avg. of +0.1%

It is noted that of the 10 sales, the 5 standard sales indicate the range of -1.6% to +13.1% and the 5 short sales indicate the range of -2.3% to -6.1%. Thus, since 5 of the 10 sales were short sales, on average the sale prices would tend to be on the conservative side, resulting in the average variance of +0.1% for the product type being on the conservative side.

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-502-01-01	1,644	450,000	Jun-11	Standard	475,000	+5.6%
678-502-01-02	2,043	426,071				
678-502-01-03	1,931	449,923	Jul-11	Standard	509,000	+13.1%
678-502-01-04	1,931	478,576				
678-502-01-05	1,644	450,000				
678-502-01-06	2,043	426,071				
678-502-01-07	1,931	500,000				
678-502-01-08	1,644	424,260				
678-502-01-09	2,043	508,000				
678-502-01-10	1,931	429,348				
678-502-01-11	1,644	460,000				
678-502-01-12	2,043	508,000				
678-502-02-01	1,931	528,953				
678-502-02-02	2,043	510,000				
678-502-02-03	1,644	502,757				
678-502-02-04	1,931	559,178				
678-502-02-05	2,043	520,000				
678-502-02-06	1,644	424,260				
678-502-02-07	1,931	552,126				
678-502-02-08	2,043	448,678				
678-502-02-09	1,644	424,260				
678-502-02-10	1,931	481,000	Apr-11	Short	459,000	-4.6%
678-502-02-11	1,644	450,000				
678-502-02-12	2,043	448,678				
678-502-02-13	1,931	437,375				
678-502-02-14	1,931	481,000				
678-502-02-15	1,644	428,894				
678-502-03-01	2,043	508,000				
678-502-03-02	1,644	476,623				
678-502-03-03	2,043	482,467				
678-502-03-04	1,931	481,000				
678-502-03-05	1,644	449,000				
678-502-03-06	1,931	500,000				
678-502-03-07	2,043	584,366				
678-502-03-08	1,644	450,000				
678-502-03-09	1,931	481,000	Jan-12	Short	470,000	-2.3%
678-502-03-10	2,043	510,000				
678-502-03-11	1,931	500,000				
678-502-03-12	1,644	498,726				
678-502-03-13	2,043	579,329				
678-502-03-14	1,931	481,000				
678-503-01-01	1,644	440,000				
678-503-01-02	2,043	510,000	Mar-11	Standard	525,000	+2.9%
678-503-01-03	1,644	468,000				
678-503-01-04	1,931	500,000				
678-503-01-05	2,043	510,000				
678-503-01-06	1,644	469,902				
678-503-01-07	1,931	485,958				
678-503-01-08	2,043	510,000	Feb-11	Standard	519,000	+1.8%
678-503-01-09	1,644	460,000				
678-503-01-10	1,931	500,000				
678-503-01-11	2,043	508,000				
678-503-01-12	1,644	467,390				

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-503-01-13	1,931	493,171				
678-503-02-01	2,043	509,723				
678-503-02-02	1,644	460,000				
678-503-02-03	1,931	475,808				
678-503-02-04	2,043	513,681				
678-503-02-05	1,931	538,020				
678-503-02-06	2,043	510,000				
678-503-02-07	1,644	470,044				
678-503-02-08	1,644	459,000				
678-503-02-09	2,043	507,595				
678-503-02-10	1,931	481,000				
678-503-02-11	2,043	482,591				
678-503-02-12	1,931	542,775				
678-503-03-01	1,644	443,312				
678-503-03-02	1,931	474,000				
678-503-03-03	2,043	468,008				
678-503-03-04	2,043	256,961				
678-503-03-05	2,043	498,984				
678-503-03-06	1,644	428,669				
678-503-03-07	2,043	508,000				
678-503-03-08	1,931	503,764				
678-503-03-09	1,644	465,750				
678-503-03-10	1,931	533,255				
678-503-03-11	2,043	489,374				
678-503-03-12	1,931	504,863				
678-503-03-13	2,043	505,654				
678-503-03-14	1,931	511,308				
678-503-04-01	1,931	481,000				
678-503-04-02	2,043	508,000				
678-503-04-03	1,644	450,000				
678-503-04-04	2,043	508,000	Apr-11	Short	480,000	-5.5%
678-503-04-05	1,931	547,801				
678-503-04-06	1,644	447,116	Pending	Short	±435,000	-2.7%
678-503-04-07	1,931	481,000				
678-503-04-08	2,043	510,000				
678-503-04-09	1,644	456,105	Jul-11	Standard	449,000	-1.6%
678-503-04-10	1,931	481,000				
678-503-04-11	2,043	508,000				
678-503-04-12	1,644	447,116				
678-503-04-13	1,931	500,000				
678-503-04-14	2,043	508,000				
678-503-04-15	1,931	506,043	Mar-11	Short	475,000	-6.1%
TOTAL		45,892,660			4,796,000	
NO. PARCELS		95			10	
AVERAGE		483,081			479,600	+0.1%
MINIMUM		256,961				-6.1%
MAXIMUM		584,366				+13.1%

MAP OF TANGLEWOOD



TANGLEWOOD

PROPERTY DATA

This product type is located at the southeast corner of Lone Quail Rd. and Deer Ridge Rd., with the south portion extending east to 4S Ranch Parkway.

This product type is described as a portion of Lot 1 of County of San Diego Tract No. 5256-1, according to Map No. 14396. The 161 lots consist of Assessor Parcel Nos. 678-502-04-01 to 15, 678-502-05-01 to 16, 678-502-06-01 to 11, 678-502-07-01 to 16, 678-502-08-01 to 16, 678-502-09-01 to 12, 678-502-10-01 to 16, 678-502-11-01 to 16, 678-502-12-01 to 11, 678-502-13-01 to 16 & 678-502-14-01 to 16, and the assessed values range from $146,450 to $525,000.

This product type comprises a total of 161 lots in a condominium-type subdivision. The lot sizes range from 2,350 s.f. to 2,750 s.f.

These lots were developed by William Lyon Homes in 2002 and 2003 with 161 detached homes called Tanglewood at 4S Ranch. There are four floor plans and the number and description of each plan is as follows:

Plan 1 (32): 1,310 s.f., two-story, with 2 bedrooms, den or optional bedroom 3, 2½ baths and 2-car garage.

Plan 2 (40): 1,410 s.f., two-story, with 3 bedrooms, 2½ baths and a 2-car garage.

Plan 3 (46): 1,581 s.f., two-story, with 2 bedrooms, den or optional bedroom 3, 2½ baths and a 2-car garage.

Plan 4 (43): 1,690 s.f., two-story, with 3 bedrooms, loft or optional bedroom 4, 2½ baths and a 2-car garage.

Per Assessor data, the homes in this product type range in size from 1,310 s.f. to 1,690 s.f. or an average of 1,514 s.f.

ANALYSIS

Per the spreadsheet on the following pages, the following data is indicated:

- Total A.V. for product type: $68,680,302
- Average A.V. for product type: $426,586
- Variance from sale price to A.V.: -11.3% to +28.4%, or avg. of +0.3%

It is noted that of the 11 sales, the 2 standard sales indicate -8.3% and +28.4%, the 7 short sales indicate -11.3% to +2.2%, and the 2 lender sales indicate -0.7% and +0.9%. Thus, since 9 of the 11 sales were short or lender sales, on average the sale prices would tend to be on the conservative side, resulting in the average variance of +0.3% for the product type being on the conservative side.

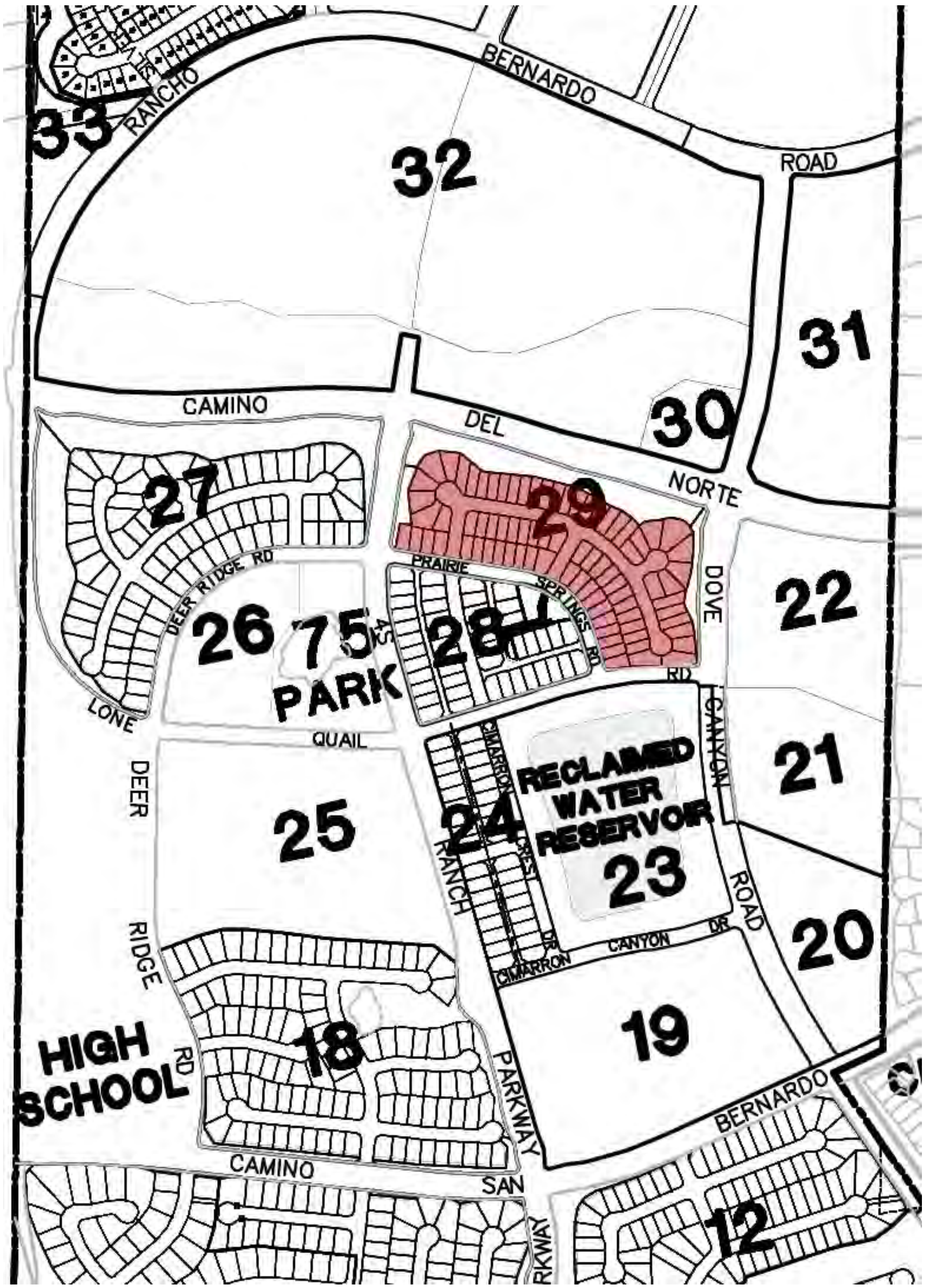
APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-502-04-01	1,690	413,747				
678-502-04-02	1,581	390,460				
678-502-04-03	1,690	385,375	Jun-11	Standard	495,000	+28.4%
678-502-04-04	1,581	369,545				
678-502-04-05	1,410	414,000				
678-502-04-06	1,690	450,000				
678-502-04-07	1,690	385,032				
678-502-04-08	1,581	390,913				
678-502-04-09	1,581	385,147				
678-502-04-10	1,690	393,398				
678-502-04-11	1,310	421,152				
678-502-04-12	1,410	354,396				
678-502-04-13	1,581	427,000				
678-502-04-14	1,581	386,390				
678-502-04-15	1,410	410,000				
678-502-05-01	1,310	376,895				
678-502-05-02	1,410	400,000				
678-502-05-03	1,690	420,530				
678-502-05-04	1,581	427,000				
678-502-05-05	1,581	427,000				
678-502-05-06	1,690	450,000				
678-502-05-07	1,410	380,851				
678-502-05-08	1,310	368,529				
678-502-05-09	1,310	367,285				
678-502-05-10	1,410	423,061	Jan-11	Lender	420,000	-0.7%
678-502-05-11	1,690	450,000	Dec-11	Short	460,000	+2.2%
678-502-05-12	1,581	486,990				
678-502-05-13	1,581	397,921				
678-502-05-14	1,690	450,000	Dec-11	Short	399,000	-11.3%
678-502-05-15	1,410	410,000				
678-502-05-16	1,310	405,000				
678-502-06-01	1,410	410,097				
678-502-06-02	1,690	409,113				
678-502-06-03	1,581	450,000				
678-502-06-04	1,310	375,199				
678-502-06-05	1,410	387,971				
678-502-06-06	1,690	460,000				
678-502-06-07	1,581	462,363				
678-502-06-08	1,581	411,486				
678-502-06-09	1,690	483,614				
678-502-06-10	1,410	414,000				
678-502-06-11	1,310	376,443	Oct-11	Lender	380,000	+0.9%
678-502-07-01	1,310	411,713				
678-502-07-02	1,410	394,416				
678-502-07-03	1,690	450,000				
678-502-07-04	1,581	416,348				
678-502-07-05	1,581	425,391				
678-502-07-06	1,690	420,417				
678-502-07-07	1,410	417,133				
678-502-07-08	1,310	386,502				
678-502-07-09	1,310	432,209				
678-502-07-10	1,410	410,000				

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-502-07-11	1,690	452,183				
678-502-07-12	1,581	435,000				
678-502-07-13	1,581	438,844				
678-502-07-14	1,690	427,767				
678-502-07-15	1,410	386,978				
678-502-07-16	1,310	400,067				
678-502-08-01	1,310	405,000				
678-502-08-02	1,410	417,591				
678-502-08-03	1,690	458,852				
678-502-08-04	1,581	446,532				
678-502-08-05	1,581	450,000				
678-502-08-06	1,690	460,000				
678-502-08-07	1,410	410,000				
678-502-08-08	1,310	146,450				
678-502-08-09	1,310	400,000				
678-502-08-10	1,410	410,000				
678-502-08-11	1,690	439,636	Pending	Short	±425,000	-3.3%
678-502-08-12	1,581	446,335				
678-502-08-13	1,581	437,827				
678-502-08-14	1,690	460,000				
678-502-08-15	1,410	420,755				
678-502-08-16	1,310	405,722				
678-502-09-01	1,581	424,921				
678-502-09-02	1,410	414,000				
678-502-09-03	1,690	460,000				
678-502-09-04	1,581	448,336				
678-502-09-05	1,581	467,389				
678-502-09-06	1,690	490,000				
678-502-09-07	1,690	476,635				
678-502-09-08	1,581	420,482				
678-502-09-09	1,581	436,129				
678-502-09-10	1,690	464,760				
678-502-09-11	1,410	414,000				
678-502-09-12	1,310	400,000				
678-502-10-01	1,310	400,000				
678-502-10-02	1,410	443,312				
678-502-10-03	1,690	453,775				
678-502-10-04	1,581	427,000				
678-502-10-05	1,581	452,665				
678-502-10-06	1,690	453,775				
678-502-10-07	1,410	483,614				
678-502-10-08	1,310	405,070				
678-502-10-09	1,310	400,000				
678-502-10-10	1,410	417,152				
678-502-10-11	1,690	448,669				
678-502-10-12	1,581	427,000				
678-502-10-13	1,581	452,311				
678-502-10-14	1,690	489,000				
678-502-10-15	1,410	410,000				
678-502-10-16	1,310	400,000				
678-502-11-01	1,310	400,000				
678-502-11-02	1,410	410,000				
678-502-11-03	1,690	465,980				

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-502-11-04	1,581	478,576	Aug-11	Standard	439,000	-8.3%
678-502-11-05	1,581	472,531				
678-502-11-06	1,690	473,538				
678-502-11-07	1,410	414,000				
678-502-11-08	1,310	434,748				
678-502-11-09	1,310	400,000	Pending	Short	±370,000	-7.5%
678-502-11-10	1,410	410,000				
678-502-11-11	1,690	471,562				
678-502-11-12	1,581	427,000				
678-502-11-13	1,581	441,456				
678-502-11-14	1,690	460,000				
678-502-11-15	1,410	410,000				
678-502-11-16	1,310	400,000				
678-502-12-01	1,690	471,529				
678-502-12-02	1,410	410,000				
678-502-12-03	1,690	450,000				
678-502-12-04	1,581	450,000				
678-502-12-05	1,581	450,000				
678-502-12-06	1,690	460,000				
678-502-12-07	1,410	410,000				
678-502-12-08	1,310	376,927				
678-502-12-09	1,410	410,000	Jul-11	Short	425,000	+3.7%
678-502-12-10	1,410	414,000				
678-502-12-11	1,581	468,501				
678-502-13-01	1,310	461,357				
678-502-13-02	1,410	410,000				
678-502-13-03	1,690	460,000				
678-502-13-04	1,581	468,201				
678-502-13-05	1,581	460,000				
678-502-13-06	1,690	525,000				
678-502-13-07	1,410	410,000				
678-502-13-08	1,310	400,000	Jun-11	Short	407,000	+1.8%
678-502-13-09	1,310	402,055				
678-502-13-10	1,410	410,000				
678-502-13-11	1,690	450,000				
678-502-13-12	1,581	473,538				
678-502-13-13	1,581	455,000				
678-502-13-14	1,690	460,000				
678-502-13-15	1,410	410,000				
678-502-13-16	1,581	476,737				
678-502-14-01	1,310	400,000				
678-502-14-02	1,410	430,000				
678-502-14-03	1,690	470,000	Aug-11	Short	458,000	-2.6%
678-502-14-04	1,581	427,000				
678-502-14-05	1,581	450,000				
678-502-14-06	1,690	460,000				
678-502-14-07	1,410	410,000				
678-502-14-08	1,310	405,000				
678-502-14-09	1,310	400,000				
678-502-14-10	1,410	410,000				
678-502-14-11	1,690	460,000				
678-502-14-12	1,581	450,000				
678-502-14-13	1,581	450,000				

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-502-14-14	1,690	460,000				
678-502-14-15	1,410	468,500				
678-502-14-16	1,310	400,000				
TOTAL		68,680,302			4,678,000	
NO. PARCELS		161			11	
AVERAGE		426,586			425,273	+0.3%
MINIMUM		146,450				-11.3%
MAXIMUM		525,000				+28.4%

MAP OF CEDAR CREEK



CEDAR CREEK

PROPERTY DATA

Location

This product type is located at the southeasterly corner of Camino Del Norte and 4S Ranch Parkway, extending east to Dove Canyon Rd. and south to Lone Quail Rd.

This product type is described as Lots 79 through 158 of County of San Diego Tract No. 5067-2, according to Map No. 13988. The 80 lots consist of Assessor Parcel Nos. 678-540-02 to 41 and 678-541-01 to 40, and the assessed values range from $471,490 to $743,052.

This product type comprises a total of 80 lots. The minimum lot size is 4,200 s.f., or ±42' by 100'.

These lots were developed by D.R. Horton in 2001 and 2002 with 80 homes called Cedar Creek at 4S Ranch. There are three floor plans and the number and description of each of the plans is as follows:

Plan 1 (20): 2,156 s.f., two-story, with 3 bedrooms, family room, breakfast nook, 2½ baths, and 2-car garage with optional loft in lieu of bedroom 2.

Plan 2 (29): 2,344 s.f., two-story, with 3 bedrooms, family room, breakfast nook, 2½ baths, and 2-car garage with options of master retreat or loft in lieu of bedroom 3.

Plan 3 (31): 2,712 s.f., two-story, with 4 bedrooms, family room, breakfast nook, 3 baths and 2-car garage with optional den and powder room in lieu of bedroom 4 and bath 3.

Per Assessor data, the homes in this product type range in size from 2,166 s.f. to 2,690 s.f. or an average of 2,436 s.f.

ANALYSIS

Per the spreadsheet on the following pages, the following data is indicated:

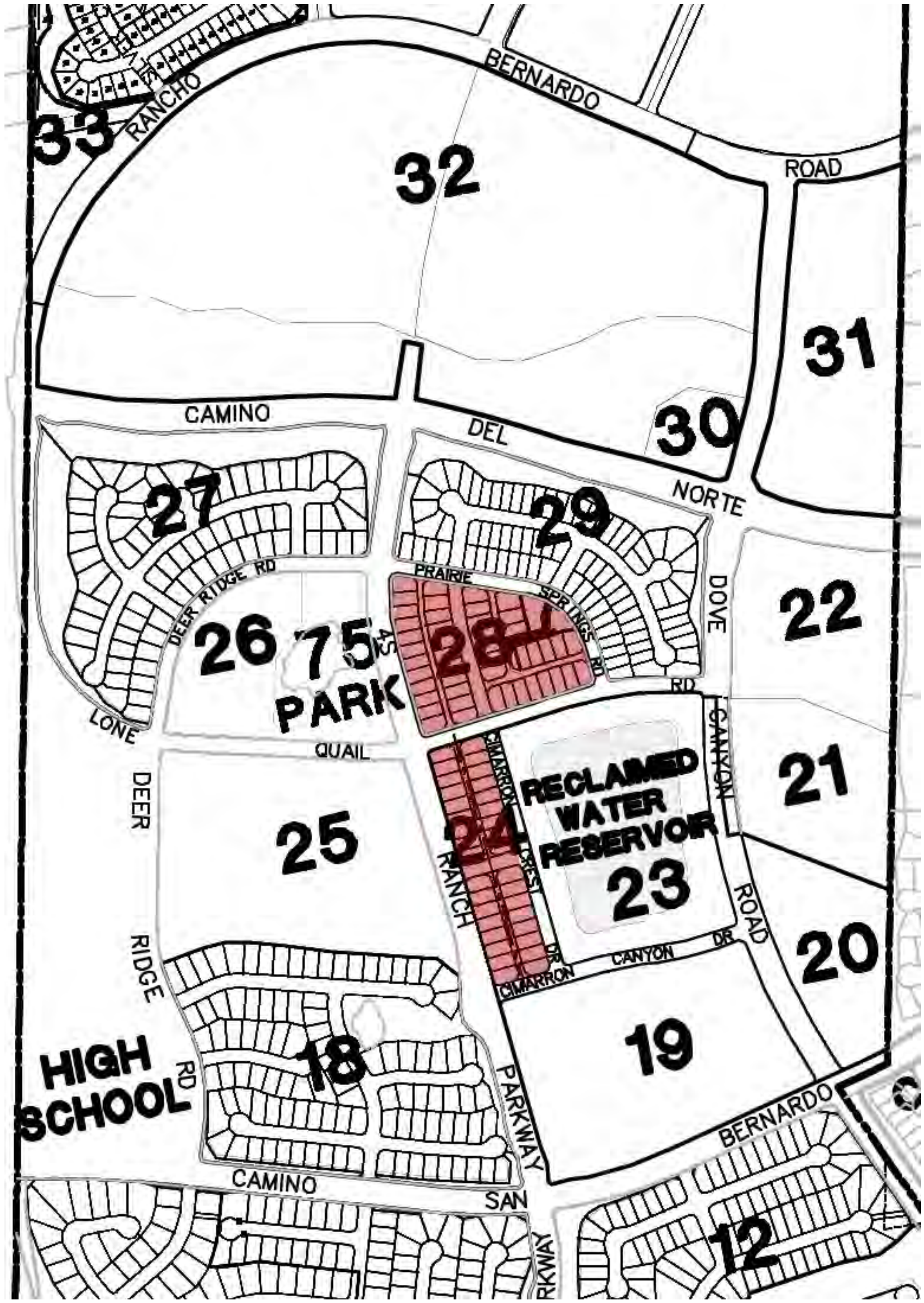
- Total A.V. for product type: $46,045,959
- Average A.V. for product type: $575,574
- Variance from sale price to A.V.: -8.0% to +11.4%, or avg. of +6.2%

It is noted that of the 5 sales, the 4 standard sales indicate the range of +8.4% to +11.4% and the 1 short sale indicates -8.0%. Thus, since 4 of the 5 sales were standard sales, on average the sale prices would tend to reflect market value, resulting in the average variance of +6.2% for the product type being a fairly typical representation of market value in contrast to Assessed Value.

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-540-02-00	2,166	610,450				
678-540-03-00	2,344	522,000				
678-540-04-00	2,690	638,264				
678-540-05-00	2,344	567,000				
678-540-06-00	2,344	579,329				
678-540-07-00	2,690	693,240				
678-540-08-00	2,344	570,652				
678-540-09-00	2,166	529,144				
678-540-10-00	2,690	687,415				
678-540-11-00	2,344	542,979				
678-540-12-00	2,166	596,076				
678-540-13-00	2,529	719,880				
678-540-14-00	2,166	540,000				
678-540-15-00	2,690	640,000				
678-540-16-00	2,344	600,000				
678-540-17-00	2,690	551,054	Pending	Standard	±610,000	+10.7%
678-540-18-00	2,344	600,000				
678-540-19-00	2,690	640,000				
678-540-20-00	2,344	560,276	Pending	Standard	607,500	+8.4%
678-540-21-00	2,166	530,000				
678-540-22-00	2,690	554,512				
678-540-23-00	2,344	600,000				
678-540-24-00	2,166	530,000				
678-540-25-00	2,690	600,417				
678-540-26-00	2,166	486,481				
678-540-27-00	2,344	567,000				
678-540-28-00	2,166	609,051				
678-540-29-00	2,690	640,000				
678-540-30-00	2,690	532,334				
678-540-31-00	2,166	506,198				
678-540-32-00	2,690	538,369				
678-540-33-00	2,344	600,000				
678-540-34-00	2,166	492,679	Pending	Standard	535,000	+8.6%
678-540-35-00	2,344	496,795				
678-540-36-00	2,690	684,000				
678-540-37-00	2,690	565,484				
678-540-38-00	2,344	522,000	Pending	Short	±480,000	-8.0%
678-540-39-00	2,166	528,000				
678-540-40-00	2,344	600,000				
678-540-41-00	2,690	640,000				
678-541-01-00	2,344	600,000				
678-541-02-00	2,690	576,649				
678-541-03-00	2,344	534,677				
678-541-04-00	2,690	639,000				
678-541-05-00	2,690	643,290				
678-541-06-00	2,166	582,000				
678-541-07-00	2,690	640,000				
678-541-08-00	2,690	743,052				
678-541-09-00	2,344	544,249				
678-541-10-00	2,166	514,154				
678-541-11-00	2,690	640,000				
678-541-12-00	2,344	491,093				
678-541-13-00	2,690	521,072				

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-541-14-00	2,344	600,000				
678-541-15-00	2,690	680,081				
678-541-16-00	2,344	491,092				
678-541-17-00	2,166	471,490				
678-541-18-00	2,690	535,832				
678-541-19-00	2,690	551,744				
678-541-20-00	2,344	511,847				
678-541-21-00	2,690	640,000				
678-541-22-00	2,166	513,840				
678-541-23-00	2,344	600,000				
678-541-24-00	2,690	630,000				
678-541-25-00	2,344	596,852				
678-541-26-00	2,166	483,019	Pending	Standard	538,000	+11.4%
678-541-27-00	2,690	535,021				
678-541-28-00	2,690	518,766				
678-541-29-00	2,166	584,387				
678-541-30-00	2,344	564,216				
678-541-31-00	2,166	489,940				
678-541-32-00	2,344	568,000				
678-541-33-00	2,690	538,315				
678-541-34-00	2,344	600,000				
678-541-35-00	2,166	562,878				
678-541-36-00	2,344	483,019				
678-541-37-00	2,690	640,000				
678-541-38-00	2,344	614,592				
678-541-39-00	2,690	630,000				
678-541-40-00	2,166	530,713				
TOTAL		46,045,959			2,770,500	
NO. PARCELS		80			5	
AVERAGE		575,574			554,100	+6.2%
MINIMUM		471,490				-8.0%
MAXIMUM		743,052				+11.4%

MAP OF AMHERST



AMHERST

PROPERTY DATA

<u>Location</u>

This product type is located at the northeast and southeast corners of 4S Ranch Parkway and Lone Quail Rd. The north site extends north and east to Prairie Springs Rd. and the south site extends east to Cimarron Crest Dr. and south to Cimarron Canyon Dr.

This product type is described as Lots 641 through 686 of County of San Diego Tract No. 5067-7, according to Map No. 14171, and Lots 690 through 723 of County of San Diego Tract No. 5067-8, according to Map No. 14172. The 80 lots consist of Assessor Parcel Nos. 678-580-01 to 46 and 678-590-01 to 34, and the assessed values range from $520,465 to $814,063.

This product type comprises 80 lots. The minimum and typical lot size is 5,250 s.f., or ±50' by 105'.

These lots were developed by Brookfield Homes in 2002 with 80 homes called Amherst at 4S Ranch. The number and description of the floor plans is as follows:

> <u>Plan 1</u> (24): 2,901 s.f., two-story, with 5 bedrooms, family room, breakfast nook, 3 baths and 3-car tandem garage, with options of office and master retreat.
>
> <u>Plan 2</u> (29): 3,169 s.f., two-story, with 5 bedrooms, family room, breakfast nook, 3 baths and 3-car tandem garage; options of office, master retreat and bath 4.
>
> <u>Plan 3</u> (27): 3,377 s.f., two-story, with 6 bedrooms, family room, breakfast nook, 3 baths and 3-car tandem garage, with options of retreat, teen room, and bath 4.

Per Assessor data, the homes in this product type range in size from 2,902 s.f. to 3,600 s.f. or an average of 3,238 s.f.

ANALYSIS

Per the spreadsheet on the following pages, the following data is indicated:

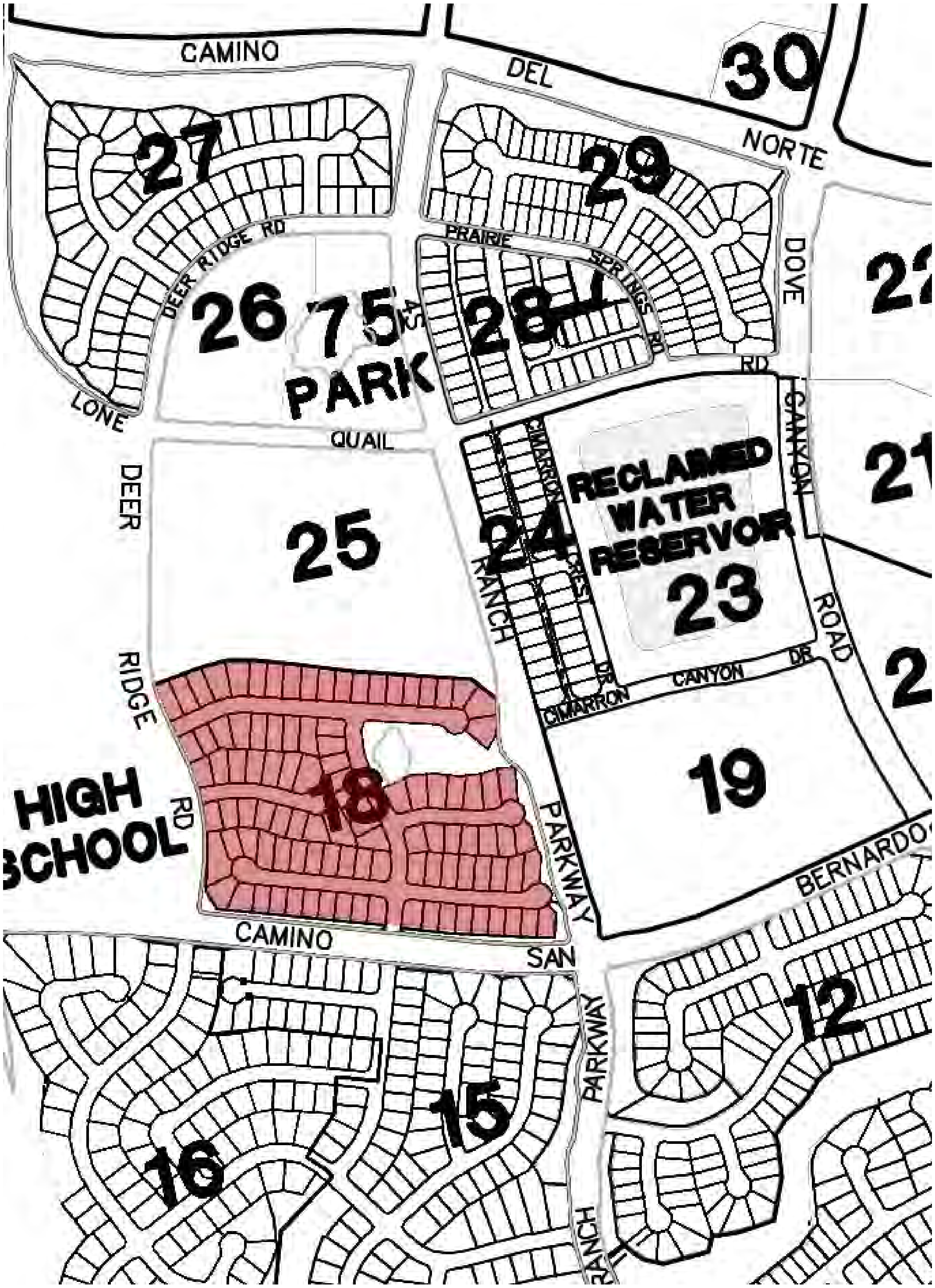
- Total A.V. for product type: $49,620,823
- Average A.V. for product type: $620,260
- Variance from sale price to A.V.: -10.3% to -8.5%, or avg. of -9.4%

It is noted that both of the sales were standard sales that indicate variances of -8.5% and -10.3%., or the average of -9.4%. This is fairly atypical for standard sales, but it also reflects the very limited sales activity over the past 14 months.

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-580-01-00	3,182	713,330				
678-580-02-00	2,902	550,706				
678-580-03-00	3,182	573,999				
678-580-04-00	2,902	680,000				
678-580-05-00	3,444	586,107				
678-580-06-00	3,182	710,000	Sep-11	Standard	650,000	-8.5%
678-580-07-00	3,112	556,819				
678-580-08-00	3,600	617,827				
678-580-09-00	3,182	567,312				
678-580-10-00	3,444	597,867				
678-580-11-00	3,182	554,971				
678-580-12-00	3,444	592,927				
678-580-13-00	3,182	564,198				
678-580-14-00	2,902	707,417				
678-580-15-00	3,444	711,517				
678-580-16-00	3,182	705,271				
678-580-17-00	2,902	529,030				
678-580-18-00	3,182	597,636				
678-580-19-00	3,444	699,141				
678-580-20-00	3,112	575,384				
678-580-21-00	3,444	580,342				
678-580-22-00	3,182	591,295				
678-580-23-00	2,902	543,327				
678-580-24-00	3,322	647,302				
678-580-25-00	2,902	551,097				
678-580-26-00	3,182	548,159				
678-580-27-00	3,444	581,848				
678-580-28-00	2,902	553,924				
678-580-29-00	3,444	755,647				
678-580-30-00	3,112	683,931				
678-580-31-00	3,444	607,737				
678-580-32-00	3,182	713,649	Dec-11	Standard	640,000	-10.3%
678-580-33-00	3,112	659,931				
678-580-34-00	3,182	573,485				
678-580-35-00	3,444	619,721				
678-580-36-00	3,112	548,160				
678-580-37-00	3,444	592,025				
678-580-38-00	3,182	618,250				
678-580-39-00	3,112	575,291				
678-580-40-00	3,112	631,161				
678-580-41-00	3,322	614,292				
678-580-42-00	3,444	755,647				
678-580-43-00	3,112	655,668				
678-580-44-00	3,444	630,479				
678-580-45-00	3,182	574,614				
678-580-46-00	3,444	598,468				
678-590-01-00	3,322	760,000				
678-590-02-00	3,444	760,000				
678-590-03-00	3,112	562,447				
678-590-04-00	3,444	763,906				
678-590-05-00	3,182	547,142				
678-590-06-00	2,902	520,465				
678-590-07-00	3,444	760,000				

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-590-08-00	3,182	669,000				
678-590-09-00	3,112	700,000				
678-590-10-00	3,444	814,063				
678-590-11-00	3,322	610,448				
678-590-12-00	3,112	563,873				
678-590-13-00	3,444	584,786				
678-590-14-00	3,182	551,665				
678-590-15-00	3,112	584,107				
678-590-16-00	3,444	554,941				
678-590-17-00	3,182	644,365				
678-590-18-00	3,444	569,753				
678-590-19-00	3,182	706,613				
678-590-20-00	3,444	579,023				
678-590-21-00	3,112	678,470				
678-590-22-00	3,322	619,155				
678-590-23-00	3,444	633,058				
678-590-24-00	3,112	592,025				
678-590-25-00	3,182	563,649				
678-590-26-00	3,182	604,683				
678-590-27-00	2,902	685,120				
678-590-28-00	3,444	547,595				
678-590-29-00	3,182	543,524				
678-590-30-00	3,112	524,534				
678-590-31-00	3,444	557,881				
678-590-32-00	3,322	532,331				
678-590-33-00	3,444	760,000				
678-590-34-00	3,182	575,292				
TOTAL		49,620,823			1,290,000	
NO. PARCELS		80			2	
AVERAGE		620,260			645,000	-9.4%
MINIMUM		520,465				-10.3%
MAXIMUM		814,063				-8.5%

MAP OF HOMESTEAD



HOMESTEAD

PROPERTY DATA

This product type is located at the northwest corner of 4S Ranch Parkway and Camino San Bernardo, extending west to Deer Ridge Rd.

This product type is described as Lots 161 through 263 of County of San Diego Tract No. 5067-3, according to Map No. 13989. The 103 lots comprising this product type consist of Assessor Parcel Nos. 678-530-01 to 16, 18 to 38 and 41, and 678-531-01, 04, 10 to 22, 24, 26 to 65, & 68 to 76, and the assessed values range from $146,879 to $800,986.

This product type comprises a total of 103 lots. The minimum and typical lot size is 5,040 s.f., or ±56' by 90'.

These lots were developed by Fieldstone Communities in 2001 and 2002 with 103 homes called Homestead at 4S Ranch. The number and description of the three floor plans is as follows:

> Plan 1 (26): 2,860 s.f., two-story, with 3 bedrooms, 3 baths, large loft, and 3-car garage, with optional 4th bedroom in lieu of 3rd car garage, and optional deck off master bedroom.
>
> Plan 2 (52): 3,296 s.f., two-story, with 5 bedrooms, 3 baths, large loft, and tandem 3-car garage, with optional 6th bedroom with additional full bath, optional den, and optional deck off master bedroom.
>
> Plan 3 (25): 3,300 s.f., two-story, with 4 bedrooms plus office/den including master retreat, 3 baths, large loft, tandem 3-car garage, with optional 5th bedroom and optional deck off master bedroom.

Per Assessor data, the homes in this product type range in size from 2,860 s.f. to 3,300 s.f. or an average of 3,229 s.f.

ANALYSIS

Per the spreadsheet on the following pages, the following data is indicated:

- Total A.V. for product type: $66,738,490
- Average A.V. for product type: $647,947
- Variance from sale price to A.V.: -9.8% to +11.4%, or avg. of +1.6%

It is noted that of the 4 sales, the 3 standard sales indicate -9.8%, +9.6% and +11.4%, and the short sale indicates -4.9%. Thus, since 3 of the 4 sales were standard sales, on average the sale prices would tend to be only slightly on the conservative side, resulting in the average variance of +1.6% for the product type as being slightly on the conservative side.

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-530-01-00	3,296	658,608				
678-530-02-00	3,055	605,702	Oct-11	Standard	675,000	+11.4%
678-530-03-00	3,300	594,057				
678-530-04-00	2,860	576,423				
678-530-05-00	3,296	604,798				
678-530-06-00	3,300	765,442				
678-530-07-00	3,055	618,364				
678-530-08-00	3,296	691,682				
678-530-09-00	3,300	604,119				
678-530-10-00	3,055	637,859				
678-530-11-00	3,296	661,547				
678-530-12-00	3,296	597,109				
678-530-13-00	3,300	627,407				
678-530-14-00	3,300	790,000				
678-530-15-00	3,296	613,842				
678-530-16-00	3,296	631,590				
678-530-18-00	3,300	669,233				
678-530-19-00	3,296	768,745				
678-530-20-00	3,300	790,911				
678-530-21-00	3,296	620,057				
678-530-22-00	3,300	730,458				
678-530-23-00	3,296	634,641				
678-530-24-00	3,055	687,040				
678-530-25-00	3,300	657,026	Nov-11	Short	625,000	-4.9%
678-530-26-00	3,296	640,068				
678-530-27-00	3,055	562,857				
678-530-28-00	3,296	697,158				
678-530-29-00	3,300	676,922				
678-530-30-00	3,055	620,509	May-11	Standard	680,000	+9.6%
678-530-31-00	3,296	621,642				
678-530-32-00	3,296	718,975				
678-530-33-00	3,300	672,173				
678-530-34-00	3,296	669,232				
678-530-35-00	3,300	790,000				
678-530-36-00	3,296	714,452				
678-530-37-00	3,055	662,339				
678-530-38-00	3,296	684,947				
678-530-41-00	3,055	576,419				
678-531-01-00	3,296	553,812				
678-531-04-00	3,300	609,883				
678-531-10-00	3,055	584,491				
678-531-11-00	3,296	645,719				
678-531-12-00	3,055	608,821				
678-531-13-00	3,296	628,887				
678-531-14-00	3,300	756,000				
678-531-15-00	2,860	725,000	May-11	Standard	654,000	-9.8%
678-531-16-00	3,296	679,238				
678-531-17-00	3,055	725,420				
678-531-18-00	3,296	575,628				
678-531-19-00	3,296	602,083				
678-531-20-00	3,296	599,144				
678-531-21-00	3,300	730,458				
678-531-22-00	3,055	569,638				
678-531-24-00	3,296	679,183				

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-531-26-00	3,300	593,379				
678-531-27-00	3,296	700,000				
678-531-28-00	3,055	574,275				
678-531-29-00	3,296	650,242				
678-531-30-00	3,296	720,000				
678-531-31-00	3,296	574,500				
678-531-32-00	3,055	720,383				
678-531-33-00	3,296	779,988				
678-531-34-00	3,300	680,082				
678-531-35-00	3,296	723,000				
678-531-36-00	3,300	595,043				
678-531-37-00	3,296	608,475				
678-531-38-00	3,055	146,879				
678-531-39-00	3,296	750,609				
678-531-40-00	3,300	605,707				
678-531-41-00	3,055	695,195				
678-531-42-00	3,055	570,768				
678-531-43-00	3,296	574,530				
678-531-44-00	3,296	609,166				
678-531-45-00	3,055	593,957				
678-531-46-00	3,296	748,000				
678-531-47-00	3,296	651,033				
678-531-48-00	3,296	599,483				
678-531-49-00	3,300	790,000				
678-531-50-00	3,055	672,297				
678-531-51-00	3,296	713,409				
678-531-52-00	3,296	598,443				
678-531-53-00	3,296	634,184				
678-531-54-00	3,055	576,422				
678-531-55-00	3,296	585,066				
678-531-56-00	3,300	800,986				
678-531-57-00	3,296	636,220				
678-531-58-00	3,300	597,674				
678-531-59-00	3,296	709,933				
678-531-60-00	3,300	740,000				
678-531-61-00	3,296	604,006				
678-531-62-00	3,296	602,538				
678-531-63-00	2,860	566,700				
678-531-64-00	3,296	754,519				
678-531-65-00	3,055	554,943				
678-531-68-00	3,296	713,000				
678-531-69-00	3,300	585,578				
678-531-70-00	3,296	554,941				
678-531-71-00	3,296	637,579				
678-531-72-00	3,296	639,262				
678-531-73-00	3,296	790,000				
678-531-74-00	2,860	562,857				
678-531-75-00	3,300	603,892				
678-531-76-00	3,055	631,589				
TOTAL		66,738,490			2,634,000	
NO. PARCELS		103			4	
AVERAGE		647,947			658,500	+1.6%
MINIMUM		146,879				-9.8%
MAXIMUM		800,986				+11.4%

MAP OF GARDEN GATE

GARDEN GATE

PROPERTY DATA

This product type is located in the block bounded by 4S Ranch Parkway at the west, Cimarron Canyon Rd. at the north, Dove Canyon Rd. at the east, and Camino San Bernardo at the south.

This product type is described as Residential Modules A through M of Lot 1 of County of San Diego Tract No. 5266-1, according to Map No. 14393. The 133 lots consist of Assessor Parcel Nos. 678-610-01-01 to 10, 678-610-02-01 to 10, 678-610-03-01 to 10, 678-610-04-01 to 10, 678-610-05-01 to 09, 678-610-06-01 to 10, 678-610-07-01 to 11, 678-610-08-01 to 10, 678-610-09-01 to 10, 678-610-10-01 to 10, 678-610-11-01 to 09, 678-610-12-01 to 11 and 678-610-13-01 to 13, and the assessed values range from $432,060 to $615,600.

This product type comprises a total of 133 lots in a condominium-type subdivision. The lot sizes range from ±2,700 s.f. to 3,700 s.f., with an average size of ±3,200 s.f.

These lots were developed by Sea Country Homes in 2002 and 2003 with 133 detached homes called Garden Gate at 4S Ranch. The number and description of the three floor plans are as follows:

> Plan 1 (39): 1,901 s.f., two-story, with 3 bedrooms, den, 2½ baths and 2-car garage with options of bedroom 4 and bath 3.
>
> Plan 2 (50): 2,082 s.f., two-story, with 3 bedrooms, loft, flex space, 3 baths and 2-car garage with options of master retreat, bedrooms 4 and 5, and bath 4.
>
> Plan 3 (44): 2,271 s.f., two-story, with 4 bedrooms, breakfast nook, family room, 3 baths and 2-car garage with options of flex space at bedrooms 2 and 4.

Per Assessor data, the homes in this product type range in size from 1,862 s.f. to 2,317 s.f. or an average of 2,114 s.f.

ANALYSIS

Per the spreadsheet on the following pages, the following data is indicated:

- Total A.V. for product type: $69,687,304
- Average A.V. for product type: $523,965
- Variance from sale price to A.V.: -24.6% to +18.5%, or avg. of -4.0%

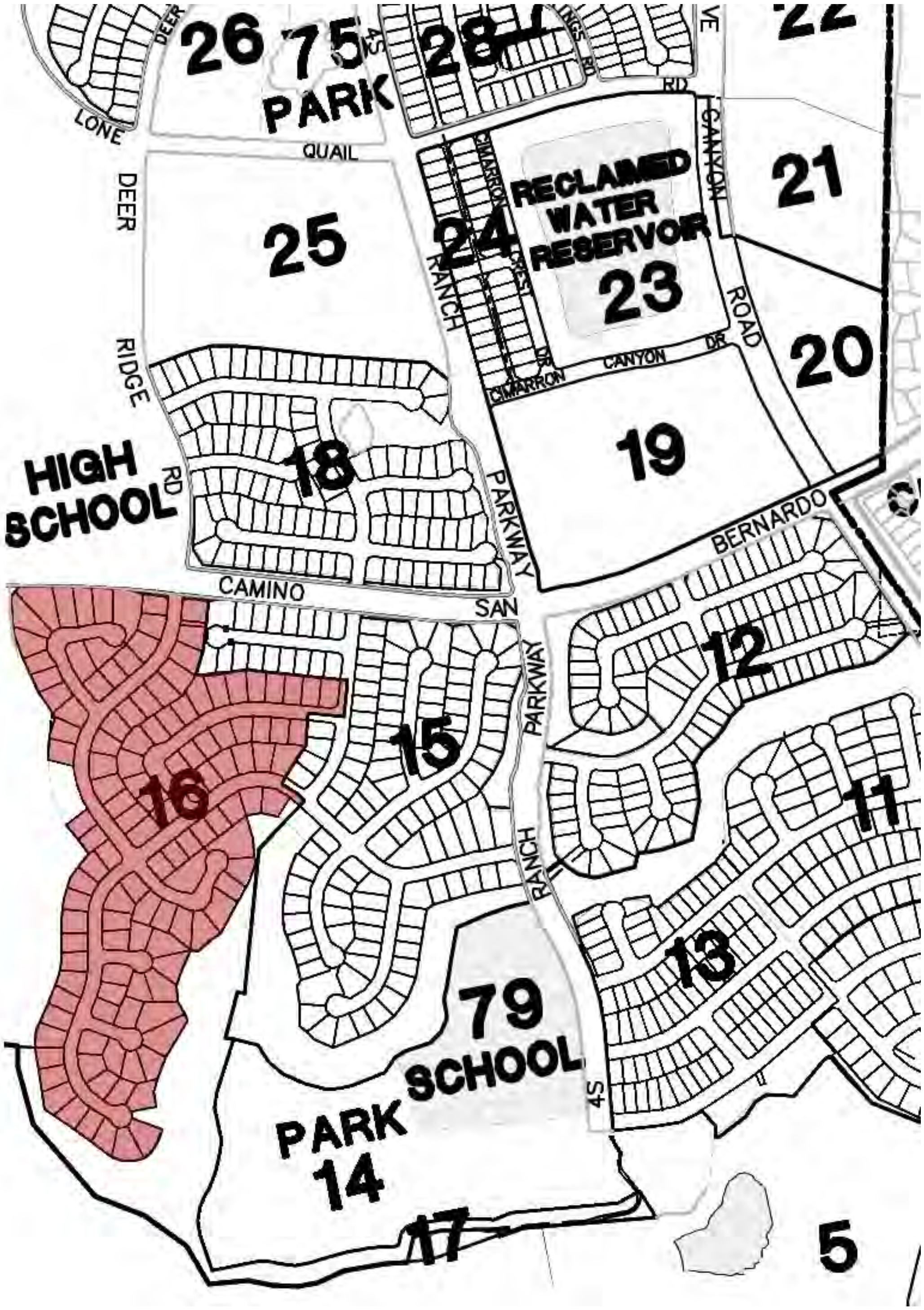
It is noted that of the 13 sales, the 4 standard sales indicate the range of +4.9% to +18.5%, the 5 short sales indicate -2.7% to -24.6%, and the 4 lender sales indicate 0.0% to -12.6%. Thus, since 9 of the 13 sales were short or lender sales, on average the sale prices and thus the average variance of -4.0% for this product type tend to be well on the conservative side.

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-610-01-01	1,862	443,477				
678-610-01-02	2,131	560,000				
678-610-01-03	2,317	507,576	May-11	Standard	585,000	+15.3%
678-610-01-04	2,131	461,113				
678-610-01-05	2,131	590,000				
678-610-01-06	2,317	497,544				
678-610-01-07	1,862	448,113				
678-610-01-08	2,317	575,000				
678-610-01-09	2,131	481,123				
678-610-01-10	1,862	432,060				
678-610-02-01	2,131	597,000				
678-610-02-02	2,317	515,425				
678-610-02-03	1,862	508,802				
678-610-02-04	2,317	540,000	Jan-12	Short	475,000	-12.0%
678-610-02-05	2,131	465,750				
678-610-02-06	2,131	564,216				
678-610-02-07	2,317	484,740				
678-610-02-08	2,317	540,000				
678-610-02-09	2,131	465,295				
678-610-02-10	1,862	467,444				
678-610-03-01	2,131	488,583	Pending	Short	±400,000	-18.1%
678-610-03-02	2,317	541,490				
678-610-03-03	2,131	527,698				
678-610-03-04	1,862	539,028				
678-610-03-05	2,131	560,000				
678-610-03-06	2,317	517,751				
678-610-03-07	2,131	544,404				
678-610-03-08	2,317	536,291				
678-610-03-09	2,317	504,071	Apr-11	Standard	597,500	+18.5%
678-610-03-10	2,131	484,740				
678-610-04-01	2,131	531,000				
678-610-04-02	2,317	504,634	Dec-11	Standard	530,000	+5.0%
678-610-04-03	2,131	499,000				
678-610-04-04	1,862	452,635				
678-610-04-05	2,131	523,915				
678-610-04-06	2,317	540,000				
678-610-04-07	1,862	509,000				
678-610-04-08	2,317	492,879				
678-610-04-09	2,131	471,400				
678-610-04-10	1,862	451,505				
678-610-05-01	1,862	514,359				
678-610-05-02	2,131	533,577				
678-610-05-03	2,317	582,981				
678-610-05-04	1,862	496,723				
678-610-05-05	2,131	597,000	Jan-12	Short	450,000	-24.6%
678-610-05-06	2,317	545,898				
678-610-05-07	1,862	495,140				
678-610-05-08	1,862	504,000	Jan-12	Short	450,000	-10.7%
678-610-05-09	1,862	543,377				
678-610-06-01	2,131	563,196				
678-610-06-02	2,317	548,839				
678-610-06-03	1,862	508,000				
678-610-06-04	2,131	560,000				

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-610-06-05	2,317	575,000				
678-610-06-06	2,131	525,930				
678-610-06-07	1,862	498,984				
678-610-06-08	1,862	509,000				
678-610-06-09	2,131	498,533				
678-610-06-10	2,317	508,594				
678-610-07-01	2,317	519,807				
678-610-07-02	2,131	574,291				
678-610-07-03	2,317	508,028				
678-610-07-04	2,131	498,757				
678-610-07-05	1,862	504,000				
678-610-07-06	2,317	532,787				
678-610-07-07	2,131	557,852				
678-610-07-08	1,862	470,532				
678-610-07-09	1,862	468,462				
678-610-07-10	2,131	499,890				
678-610-07-11	2,317	505,768				
678-610-08-01	2,317	556,352				
678-610-08-02	2,131	520,641				
678-610-08-03	1,862	543,058				
678-610-08-04	2,317	520,137				
678-610-08-05	2,131	569,000				
678-610-08-06	1,862	513,000				
678-610-08-07	1,862	511,000				
678-610-08-08	2,131	508,679				
678-610-08-09	2,317	514,257				
678-610-08-10	1,862	467,645				
678-610-09-01	1,862	588,397				
678-610-09-02	2,131	576,306				
678-610-09-03	1,862	537,410				
678-610-09-04	1,862	488,651				
678-610-09-05	2,131	573,283				
678-610-09-06	2,317	519,805				
678-610-09-07	2,131	510,483				
678-610-09-08	2,131	497,166				
678-610-09-09	2,317	518,694				
678-610-09-10	1,862	472,084				
678-610-10-01	2,317	557,424				
678-610-10-02	2,131	531,000				
678-610-10-03	1,862	501,026				
678-610-10-04	1,862	475,415				
678-610-10-05	2,131	518,917				
678-610-10-06	2,317	558,868				
678-610-10-07	1,862	509,000				
678-610-10-08	2,131	513,812				
678-610-10-09	2,317	524,242				
678-610-10-10	1,862	490,396				
678-610-11-01	1,862	514,109				
678-610-11-02	2,131	525,169				
678-610-11-03	2,317	591,221	May-11	Short	575,000	-2.7%
678-610-11-04	2,317	582,000	Feb-11	Lender	582,000	0.0%
678-610-11-05	2,131	526,713				
678-610-11-06	2,131	507,708				

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-610-11-07	2,317	556,753				
678-610-11-08	2,317	575,000				
678-610-11-09	2,131	570,000	Jul-11	Lender	498,000	-12.6%
678-610-12-01	2,317	615,600				
678-610-12-02	2,131	560,000				
678-610-12-03	1,862	493,258				
678-610-12-04	2,131	540,554				
678-610-12-05	2,317	581,676	Aug-11	Lender	550,000	-5.4%
678-610-12-06	1,862	494,367				
678-610-12-07	2,317	558,303				
678-610-12-08	2,131	533,033				
678-610-12-09	1,862	493,258	Jan-11	Standard	517,500	+4.9%
678-610-12-10	2,131	521,024				
678-610-12-11	2,317	570,409				
678-610-13-01	2,317	531,000				
678-610-13-02	2,131	504,000	Dec-11	Lender	455,500	-9.6%
678-610-13-03	1,862	509,000				
678-610-13-04	2,317	567,000				
678-610-13-05	2,131	522,000				
678-610-13-06	1,862	508,000				
678-610-13-07	2,131	517,646				
678-610-13-08	2,317	528,952				
678-610-13-09	2,131	549,190				
678-610-13-10	2,317	610,562				
678-610-13-11	1,862	511,000				
678-610-13-12	2,131	543,644				
678-610-13-13	2,317	575,000				
TOTAL		69,687,304			6,665,500	
NO. PARCELS		133			13	
AVERAGE		523,965			512,731	-4.0%
MINIMUM		432,060				-24.6%
MAXIMUM		615,600				+18.5%

MAP OF TALAVERA



TALAVERA

PROPERTY DATA

This product type is located on the south side of Camino San Bernardo, opposite Deer Ridge Rd.

This product type is described as Lots 268 to 393 of County of San Diego Tract No. 5067-4, according to Map No. 14105. The 126 lots consist of Assessor Parcel Nos. 678-550-01 to 18, 22 to 30, 36, 37 and 40, 678-551-01 to 27, 678-552-01 to 34 and 678-553-01 to 35 and the assessed values range from $439,198 to $973,671.

This product type comprises a total of 126 lots. The minimum lot size is 7,000 s.f., or ±70' by 100'.

These lots were developed by Davidson Communities in 2002 and 2003 with 126 homes called Talavera at 4S Ranch. The number and description of the four floor plans follows:

> Plan 1 (25): 3,451 s.f., two-story, with 4 bedrooms, 3½ baths, den and bonus room (optional 5th bedroom), and tandem 3-car garage.
>
> Plan 2 (34): 3,780 s.f., two-story, with 4 bedrooms, 4½ baths, with den and bonus room (optional 5th and/or 6th bedrooms), and 3-car garage.
>
> Plan 3 (27): 3,870 s.f., two-story, with 4 bedrooms, 4½ baths, hobby room and bonus room (optional 5th and/or 6th bedrooms), and 3-car garage.
>
> Plan 4 (40): 4,053 s.f., two-story, with 5 bedrooms, 4½ baths, tech.-study room (optional 6th bedroom), and 3-car garage.

Per Assessor data, the homes in this product type range in size from 3,451 s.f. to 4,193 s.f. or an average of 3,822 s.f.

ANALYSIS

Per the spreadsheet on the following pages, the following data is indicated:

- Total A.V. for product type: $101,979,698
- Average A.V. for product type: $809,363
- Variance from sale price to A.V.: -6.1% to +9.5%, or avg. of +3.4%

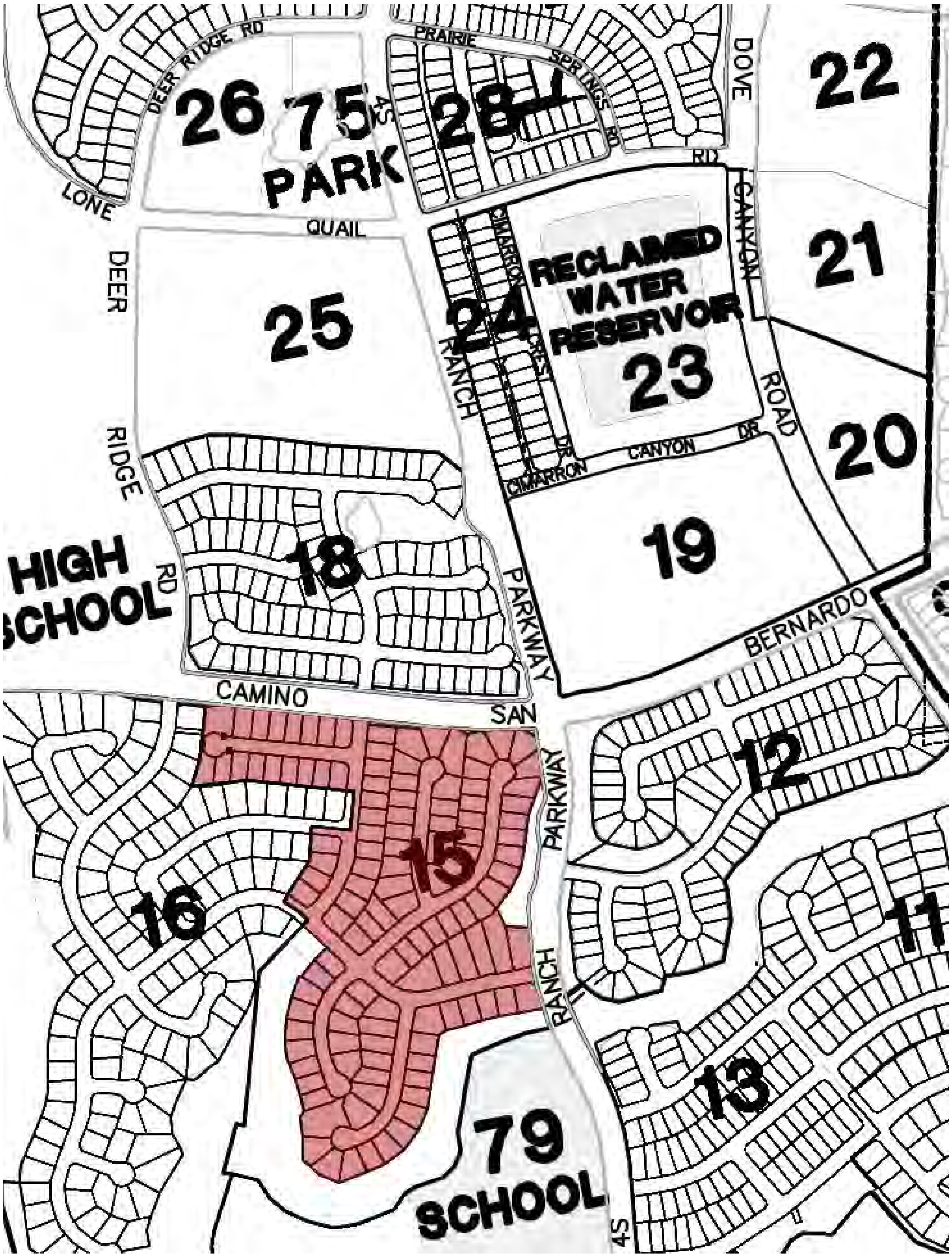
It is noted that of the 7 sales, the 6 standard sales indicate the range of -2.7% to +9.5% and the lender sale indicates -6.1%. Thus, since 6 of the 7 sales were standard sales, on average the sale prices would tend to reflect market value, resulting in the average variance of +3.4% for the product type being a fairly typical representation of market value in contrast to Assessed Value.

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-550-01-00	3,870	849,213				
678-550-02-00	4,053	865,000				
678-550-03-00	3,870	850,252				
678-550-04-00	3,780	845,000				
678-550-05-00	3,451	727,435				
678-550-06-00	3,870	790,082				
678-550-07-00	4,053	856,000				
678-550-08-00	3,451	871,513				
678-550-09-00	4,053	741,312				
678-550-10-00	3,780	774,139				
678-550-11-00	3,451	696,253				
678-550-12-00	3,780	760,802				
678-550-13-00	4,053	865,000				
678-550-14-00	3,780	890,000				
678-550-15-00	4,053	787,511				
678-550-16-00	3,870	900,000				
678-550-17-00	4,053	781,378				
678-550-18-00	3,780	759,559				
678-550-22-00	3,780	707,446				
678-550-23-00	3,451	711,402				
678-550-24-00	4,053	873,000	Nov-11	Lender	820,000	-6.1%
678-550-25-00	3,780	782,371				
678-550-26-00	4,053	852,145				
678-550-27-00	3,870	795,735				
678-550-28-00	4,053	869,839				
678-550-29-00	3,870	813,824				
678-550-30-00	4,053	841,971				
678-550-36-00	4,053	865,000				
678-550-37-00	4,053	889,000				
678-550-40-00	3,870	793,361				
678-551-01-00	3,780	725,645				
678-551-02-00	3,870	842,762				
678-551-03-00	3,451	780,000				
678-551-04-00	3,780	780,022				
678-551-05-00	3,451	850,000				
678-551-06-00	3,780	802,819				
678-551-07-00	4,053	823,995				
678-551-08-00	3,780	712,079				
678-551-09-00	4,053	865,000				
678-551-10-00	3,780	709,142				
678-551-11-00	3,451	786,071				
678-551-12-00	3,780	760,689				
678-551-13-00	3,451	786,804				
678-551-14-00	3,870	917,037				
678-551-15-00	4,053	921,000				
678-551-16-00	3,780	860,000				
678-551-17-00	4,053	848,867				
678-551-18-00	3,870	871,817				
678-551-19-00	4,053	902,000				
678-551-20-00	3,451	721,463				
678-551-21-00	3,780	780,926				
678-551-22-00	3,451	788,951				

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-551-23-00	3,780	760,690	Pending	Standard	810,000	+6.5%
678-551-24-00	3,451	738,506				
678-551-25-00	3,870	860,000				
678-551-26-00	3,451	793,766				
678-551-27-00	4,053	853,390				
678-552-01-00	3,870	801,387				
678-552-02-00	4,053	899,230				
678-552-03-00	3,780	817,555				
678-552-04-00	4,053	865,000				
678-552-05-00	3,870	860,000	Jul-11	Standard	865,000	+0.6%
678-552-06-00	4,053	865,000				
678-552-07-00	3,870	860,000				
678-552-08-00	3,451	757,299				
678-552-09-00	3,870	860,000				
678-552-10-00	4,053	865,000				
678-552-11-00	3,451	760,000				
678-552-12-00	3,780	845,000				
678-552-13-00	4,053	919,000				
678-552-14-00	3,870	880,000				
678-552-15-00	4,053	920,000				
678-552-16-00	3,451	755,388				
678-552-17-00	3,780	805,796				
678-552-18-00	3,870	785,561				
678-552-19-00	4,053	833,720				
678-552-20-00	4,053	914,000				
678-552-21-00	3,780	439,198				
678-552-22-00	3,870	860,000				
678-552-23-00	4,053	865,000				
678-552-24-00	3,870	850,000				
678-552-25-00	3,780	812,618				
678-552-26-00	3,451	737,403				
678-552-27-00	3,780	757,298				
678-552-28-00	4,053	752,890				
678-552-29-00	3,780	871,512				
678-552-30-00	4,053	973,671				
678-552-31-00	3,870	860,000				
678-552-32-00	4,053	903,794	Aug-11	Standard	985,000	+9.0%
678-552-33-00	3,780	773,126				
678-552-34-00	4,193	880,000				
678-553-01-00	3,780	866,475				
678-553-02-00	3,451	760,000				
678-553-03-00	4,053	800,934				
678-553-04-00	3,870	794,061				
678-553-05-00	3,780	712,078	Jan-12	Standard	780,000	+9.5%
678-553-06-00	3,451	777,081				
678-553-07-00	3,451	900,157				
678-553-08-00	3,870	720,253				
678-553-09-00	3,780	824,000				
678-553-10-00	4,053	865,000				
678-553-11-00	3,451	688,269				
678-553-12-00	4,053	755,956	Sep-11	Standard	810,000	+7.1%
678-553-13-00	3,780	715,828				
678-553-14-00	3,451	760,000				

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-553-15-00	3,780	681,349				
678-553-16-00	3,870	692,880				
678-553-17-00	4,053	865,000	Apr-11	Standard	842,000	-2.7%
678-553-18-00	3,780	782,139				
678-553-19-00	3,451	783,000				
678-553-20-00	4,053	734,507				
678-553-21-00	3,870	737,737				
678-553-22-00	4,053	915,000				
678-553-23-00	3,780	825,000				
678-553-24-00	3,451	695,663				
678-553-25-00	3,780	778,915				
678-553-26-00	4,053	744,542				
678-553-27-00	3,870	809,167				
678-553-28-00	3,780	740,634				
678-553-29-00	4,053	886,626				
678-553-30-00	3,870	867,000				
678-553-31-00	4,053	775,388				
678-553-32-00	3,780	860,000				
678-553-33-00	3,451	800,000				
678-553-34-00	3,870	860,000				
678-553-35-00	3,451	750,629				
TOTAL		101,979,698			5,912,000	
NO. PARCELS		126			7	
AVERAGE		809,363			844,571	+3.4%
MINIMUM		439,198				-6.1%
MAXIMUM		973,671				+9.5%

MAP OF PROVIDENCE



PROVIDENCE

PROPERTY DATA

This product type is located at the southwest corner of 4S Ranch Parkway and Camino San Bernardo.

This product type is described as Lots 398 through 520 of County of San Diego Tract No. 5067-5, according to Map No. 14106; however, Lot 462 has prepaid the special taxes and is not included in this analysis. The 122 lots in this analysis comprise Assessor Parcel Nos. 678-560-01 to 33, 678-561-01 to 29, 33-45, 49 & 50, and 678-562-01 to 45, and the assessed values range from $175,385 to $1,031,642.

This product type comprises a total of 123 lots. The minimum lot size is 6,000 s.f., or ±60' x 100'.

These lots were developed by William Lyon Homes in 2001 through 2003 with 123 homes called Providence at 4S Ranch. There are four floor plans and the approximate number and description of each plan is as follows:

> Plan 1 (±21): 3,412 s.f., two-story, with 4 bedrooms, bonus room, 2½ baths, and 3-car garage.
>
> Plan 2 (±27): 3,472 s.f., two-story, with 4 bedrooms, den, bonus room, 3 baths, and 3-car garage.
>
> Plan 3 (±35): 3,652 s.f., two-story, with 3 bedrooms, den, retreat, 2½ baths, and 3-car garage.
>
> Plan 4 (±40): 3,839 s.f., two-story, with 4 bedrooms, loft, retreat, 3½ baths, and 3-car garage.

Per Assessor data, the homes in this product type range in size from 3,377 s.f. to 4,172 s.f. or an average of 3,765 s.f. (for the 122 homes included in this analysis).

ANALYSIS

Per the spreadsheet on the following pages, the following data is indicated:

- Total A.V. for 122 parcels: $92,311,728
- Average A.V. for 122 parcels: $756,654
- Variance from sale price to A.V.: -19.7% to +23.6%, or avg. of -1.6%

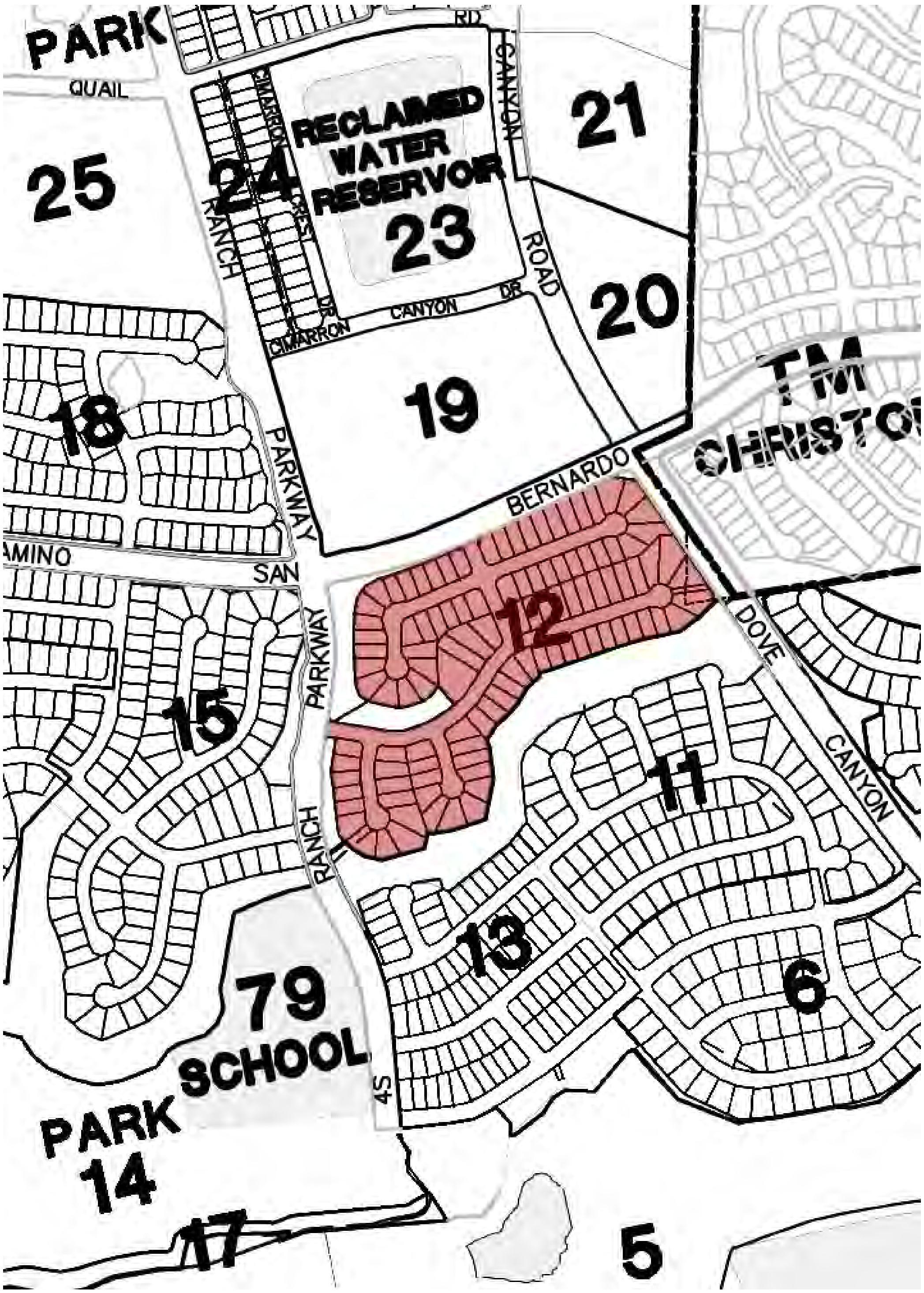
It is noted that of the 5 sales, the 2 standard sales indicate +10.0% and +23.6%, the short sale indicates -17.2%, and the 2 lender sales indicate -4.5% and -19.7%. Thus, since 3 of the 5 sales were short or lender sales, on average the sale prices would tend to be well on the conservative side, resulting in the average variance of -1.6% for the product type also being well on the conservative side.

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-560-01-00	3,839	723,383				
678-560-02-00	3,377	762,952				
678-560-03-00	3,683	783,000				
678-560-04-00	4,138	828,518				
678-560-05-00	3,839	791,328				
678-560-06-00	3,472	734,690				
678-560-07-00	4,172	763,968				
678-560-08-00	4,039	825,000				
678-560-09-00	3,977	820,000				
678-560-10-00	3,839	741,314				
678-560-11-00	3,977	764,081				
678-560-12-00	3,377	738,080				
678-560-13-00	3,977	758,541				
678-560-14-00	3,839	745,994				
678-560-15-00	3,377	800,000				
678-560-16-00	4,172	758,430				
678-560-17-00	4,039	804,890				
678-560-18-00	3,957	844,318				
678-560-19-00	3,683	624,963				
678-560-20-00	3,472	792,000				
678-560-21-00	3,377	629,460				
678-560-22-00	3,839	791,918				
678-560-23-00	3,652	673,855				
678-560-24-00	3,683	635,340				
678-560-25-00	4,062	660,595				
678-560-26-00	3,472	770,760				
678-560-27-00	4,138	698,068				
678-560-28-00	4,062	710,362				
678-560-29-00	3,472	175,385				
678-560-30-00	3,537	619,083	Aug-11	Standard	765,000	+23.6%
678-560-31-00	3,957	672,125				
678-560-32-00	3,377	647,890				
678-560-33-00	3,839	845,580	Pending	Short	700,000	-17.2%
678-561-01-00	3,472	629,554				
678-561-02-00	3,977	824,215				
678-561-03-00	3,839	686,079				
678-561-04-00	3,472	792,000				
678-561-05-00	3,977	843,000				
678-561-06-00	4,039	1,031,642	Mar-11	Lender	828,000	-19.7%
678-561-07-00	4,172	748,367				
678-561-08-00	3,537	790,000				
678-561-09-00	3,652	682,689				
678-561-10-00	3,839	700,774				
678-561-11-00	3,652	700,774				
678-561-12-00	3,377	746,103				
678-561-13-00	3,839	806,024				
678-561-14-00	3,977	778,983				
678-561-15-00	3,839	809,612				
678-561-16-00	3,683	801,000				
678-561-17-00	3,977	729,603				
678-561-18-00	4,039	709,819				
678-561-19-00	3,472	792,000				
678-561-20-00	4,147	830,000				

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-561-21-00	3,377	831,211				
678-561-22-00	3,537	627,293				
678-561-23-00	3,977	738,193				
678-561-24-00	3,839	713,211				
678-561-25-00	3,377	750,288				
678-561-26-00	3,977	746,107				
678-561-27-00	3,537	736,498				
678-561-28-00	4,039	722,930				
678-561-29-00	3,472	666,860				
678-561-33-00	3,683	706,992				
678-561-34-00	3,839	768,932				
678-561-35-00	3,472	677,374				
678-561-36-00	4,039	708,688				
678-561-37-00	3,683	746,107	Dec-11	Lender	712,500	-4.5%
678-561-38-00	3,377	651,034				
678-561-39-00	4,039	722,254				
678-561-40-00	3,472	881,708				
678-561-41-00	3,839	714,132				
678-561-42-00	3,537	810,000				
678-561-43-00	3,377	690,149				
678-561-44-00	3,847	751,534				
678-561-45-00	3,683	667,990				
678-561-49-00	3,839	700,775				
678-561-50-00	3,377	635,206				
678-562-01-00	3,472	824,214				
678-562-02-00	3,377	692,863				
678-562-03-00	4,172	824,271				
678-562-04-00	4,039	763,293				
678-562-05-00	3,977	821,136				
678-562-06-00	3,377	800,000				
678-562-07-00	3,839	719,995				
678-562-08-00	3,472	765,722				
678-562-09-00	3,977	820,000				
678-562-10-00	3,839	755,038				
678-562-11-00	3,977	814,000				
678-562-12-00	3,839	753,909				
678-562-13-00	3,977	822,528				
678-562-14-00	4,039	802,633				
678-562-15-00	3,377	819,189				
678-562-16-00	3,977	895,000				
678-562-17-00	3,839	792,231				
678-562-18-00	3,977	829,422				
678-562-19-00	4,039	831,910				
678-562-20-00	3,472	796,300				
678-562-21-00	3,839	859,447				
678-562-22-00	4,172	830,000				
678-562-23-00	3,839	962,190				
678-562-24-00	3,472	780,000				
678-562-25-00	3,977	901,739				
678-562-26-00	4,039	798,796				
678-562-27-00	3,472	713,547	Pending	Standard	±785,000	+10.0%
678-562-28-00	3,537	727,906				
678-562-29-00	3,683	725,192				

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-562-30-00	3,977	748,254				
678-562-31-00	3,839	850,000				
678-562-32-00	3,537	677,085				
678-562-33-00	3,977	685,964				
678-562-34-00	3,839	876,550				
678-562-35-00	3,652	654,426				
678-562-36-00	3,472	850,000				
678-562-37-00	3,977	836,000				
678-562-38-00	3,839	696,341				
678-562-39-00	3,472	687,694				
678-562-40-00	3,839	762,645				
678-562-41-00	3,377	647,568				
678-562-42-00	3,839	756,401				
678-562-43-00	3,683	874,535				
678-562-44-00	4,172	870,000				
678-562-45-00	3,839	862,219				
TOTAL		92,311,728			3,790,500	
NO. PARCELS		122			5	
AVERAGE		756,654			758,100	-1.6%
MINIMUM		175,385				-19.7%
MAXIMUM		1,031,642				+23.6%

MAP OF LEGACY



LEGACY

PROPERTY DATA

This product type is located along the south side of Camino San Bernardo, from 4S Ranch Parkway to Dove Canyon Rd.

This product type is described as Lots 527 through 634 of County of San Diego Tract No. 5067-6, according to Map No. 14170; however, Lot 607 has prepaid the special taxes and is not included in this analysis. The 107 lots in this analysis comprise Assessor Parcel Nos. 678-570-01 to 28, 678-571-01 to 31, and 678-572-01 to 21 & 23 to 49, and the assessed values range from $418,298 to $780,000.

This product type comprises a total of 108 lots. The minimum lot size is 5,000 s.f., or ±50’ by 100’.

These lots were developed by PLC/Christopher Homes in 2002 and 2003 with 108 homes called Legacy at 4S Ranch. There are four floor plans and the number and description of each plan is described as follows:

> Plan 1 (12): 2,829 s.f., two-story, with 3 bedrooms and loft (optional 4th bedroom), 2½ baths, and 2-car garage plus storage area or optional den/office at storage area.
>
> Plan 2 (32): 2,886 s.f., two-story, with 4 bedrooms plus loft, 3 baths, and 3-car garage, with optional super family room at bedroom 4 and optional bedroom 5 and bath 4 at loft.
>
> Plan 3 (36): 2,987 s.f., two-story, with 5 bedrooms plus loft, 4 baths and 3-car garage, with optional den at bedroom 5.
>
> Plan 4 (28): 3,288 s.f., two-story, with 4 bedrooms and bonus room, 3½ baths and 3-car tandem garage, with optional expanded bedroom 4 at tandem garage.

Per Assessor data, the homes in this product type range in size from 2,829 s.f. to 3,424 s.f. or an average of 3,020 s.f. (for the 107 homes included in this analysis).

ANALYSIS

Per the spreadsheet on the following pages, the following data is indicated:

- Total A.V. for 107 parcels: $71,125,569
- Average A.V. for 107 parcels: $664,725
- Variance from sale price to A.V.: -10.6% to +70.9%, or avg. of +15.0%

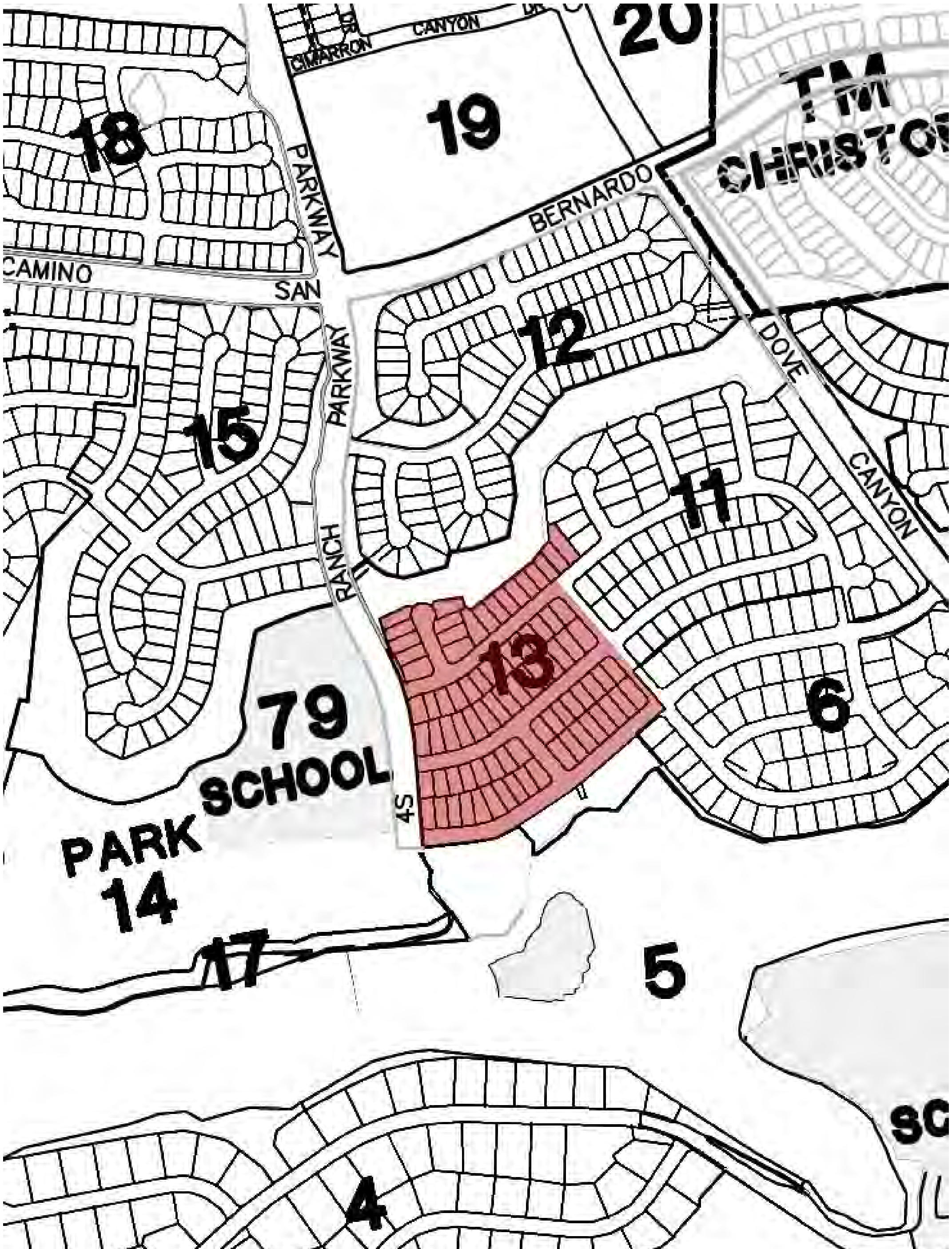
It is noted that of the 9 sales, the 6 standard sales indicate the range of -7.2% to +70.0% and the 3 short sales indicate -10.6% to +4.7%. Since 2 of the standard sales reflected low A.V.’s at time of sale, resulting in +51.0% and +70.9% variances, the overall variance of +15.0% for this product type tends to be well on the high side.

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-570-01-00	2,886	656,000				
678-570-02-00	2,987	607,697				
678-570-03-00	2,886	607,152				
678-570-04-00	2,987	612,358				
678-570-05-00	2,987	613,912				
678-570-06-00	3,288	647,537				
678-570-07-00	2,886	619,461				
678-570-08-00	2,987	646,540				
678-570-09-00	2,886	630,337				
678-570-10-00	3,288	721,782				
678-570-11-00	2,987	712,680				
678-570-12-00	3,288	756,250				
678-570-13-00	2,886	710,000	Pending	Short	635,000	-10.6%
678-570-14-00	2,987	730,000				
678-570-15-00	2,886	704,913				
678-570-16-00	2,987	672,730				
678-570-17-00	2,886	750,609				
678-570-18-00	2,829	618,240				
678-570-19-00	2,829	642,000				
678-570-20-00	3,288	632,002				
678-570-21-00	2,987	701,000				
678-570-22-00	2,829	589,468				
678-570-23-00	2,886	662,408				
678-570-24-00	2,886	730,458				
678-570-25-00	2,987	587,838				
678-570-26-00	3,288	636,452				
678-570-27-00	2,987	652,729				
678-570-28-00	2,886	720,000				
678-571-01-00	2,886	684,000				
678-571-02-00	2,987	697,990				
678-571-03-00	3,288	704,958				
678-571-04-00	2,987	600,729				
678-571-05-00	3,288	662,451				
678-571-06-00	2,987	697,000	May-11	Short	730,000	+4.7%
678-571-07-00	2,829	646,625				
678-571-08-00	3,424	729,375				
678-571-09-00	2,987	690,599				
678-571-10-00	3,288	780,000				
678-571-11-00	2,886	584,109				
678-571-12-00	2,987	579,587				
678-571-13-00	3,424	778,746	Mar-11	Standard	723,000	-7.2%
678-571-14-00	2,886	568,283				
678-571-15-00	2,829	606,269				
678-571-16-00	2,886	644,000				
678-571-17-00	3,288	708,000				
678-571-18-00	2,829	680,000				
678-571-19-00	2,886	714,500				
678-571-20-00	3,288	479,996				
678-571-21-00	2,987	418,298				
678-571-22-00	3,288	479,996	Oct-11	Standard	725,000	+51.0%
678-571-23-00	2,987	426,662	Jun-11	Standard	729,000	+70.9%
678-571-24-00	2,886	579,329				

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-571-25-00	3,288	733,000				
678-571-26-00	2,987	655,734				
678-571-27-00	3,288	693,991				
678-571-28-00	3,288	683,026				
678-571-29-00	2,987	682,460				
678-571-30-00	3,288	717,054				
678-571-31-00	2,987	730,346				
678-572-01-00	2,829	633,625				
678-572-02-00	3,424	690,000				
678-572-03-00	2,987	733,179				
678-572-04-00	3,288	703,000				
678-572-05-00	2,987	628,763				
678-572-06-00	2,886	656,347				
678-572-07-00	2,987	689,173				
678-572-08-00	2,987	702,247				
678-572-09-00	2,886	651,598				
678-572-10-00	2,987	687,661	Aug-11	Standard	750,000	+9.1%
678-572-11-00	3,288	674,321				
678-572-12-00	2,886	724,628				
678-572-13-00	2,987	780,000				
678-572-14-00	2,829	595,188				
678-572-15-00	2,886	657,026	Jul-11	Standard	727,000	+10.7%
678-572-16-00	2,987	732,978				
678-572-17-00	2,886	725,421				
678-572-18-00	2,886	715,660				
678-572-19-00	3,288	636,452				
678-572-20-00	2,987	605,974				
678-572-21-00	2,886	604,797				
678-572-23-00	2,987	601,291				
678-572-24-00	3,288	733,000				
678-572-25-00	2,886	736,123				
678-572-26-00	3,288	623,336				
678-572-27-00	2,829	618,240				
678-572-28-00	2,886	695,000				
678-572-29-00	2,886	651,000				
678-572-30-00	2,829	645,000				
678-572-31-00	2,886	710,634				
678-572-32-00	2,829	728,726				
678-572-33-00	2,886	647,206				
678-572-34-00	3,288	659,745	Feb-12	Short	680,000	+3.1%
678-572-35-00	2,886	624,234				
678-572-36-00	2,829	644,319				
678-572-37-00	2,987	730,000				
678-572-38-00	2,987	703,845	Feb-11	Standard	725,000	+3.0%
678-572-39-00	3,288	697,000				
678-572-40-00	2,987	718,117				
678-572-41-00	2,987	662,239				
678-572-42-00	2,886	655,959				
678-572-43-00	2,987	610,362				
678-572-44-00	2,886	644,931				
678-572-45-00	3,424	775,000				
678-572-46-00	2,987	730,000				
678-572-47-00	2,886	710,000				

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-572-48-00	3,288	700,000				
678-572-49-00	2,987	632,558				
TOTAL		71,125,569			6,424,000	
NO. PARCELS		107			9	
AVERAGE		664,725			713,778	+15.0%
MINIMUM		418,298				-10.6%
MAXIMUM		780,000				+70.9%

MAP OF BELLE RIVE



BELLE RIVE

PROPERTY DATA

This product type is located along the east side of 4S Ranch Parkway, extending north from Dove Creek Rd.

This product type is described as Lots 1 to 82 of County of San Diego Tract No. 5216-1 according to Map No. 14431. The 82 lots comprising this product type consist of Assessor Parcel Nos. 312-260-01 to 49, 312-261-01 to 31 and 312-262-01 to 02, and the assessed values range from $530,460 to $724,413.

This product type comprises a total of 82 lots. The minimum lot size is 4,500 s.f., or ±45' by 100'.

These lots were developed by Buie Communities in 2003 and 2004 with 82 homes called Belle Rive at 4S Ranch. There are three floor plans, and per builder information the number, size and description of each plan is as follows:

Plan 1 (26): 2,264 s.f., two-story, with 3 bedrooms, loft, 2½ baths and 3-car tandem garage with options of master retreat, den and bedrooms 4 and 5.

Plan 2 (27): 2,865 s.f., two-story, with 3 bedrooms, loft, den, 3 baths and 3-car tandem garage with options of bedrooms 4, 5 and 6.

Plan 3 (29): 3,047 s.f., two-story, with 5 bedrooms, 3 baths and 3-car garage with options of master retreat, loft, den and bedroom 6.

Per Assessor data, the homes in this product type range in size from 2,267 s.f. to 3,438 s.f. or an average of 2,894 s.f.

ANALYSIS

Per the spreadsheet on the following pages, the following data is indicated:

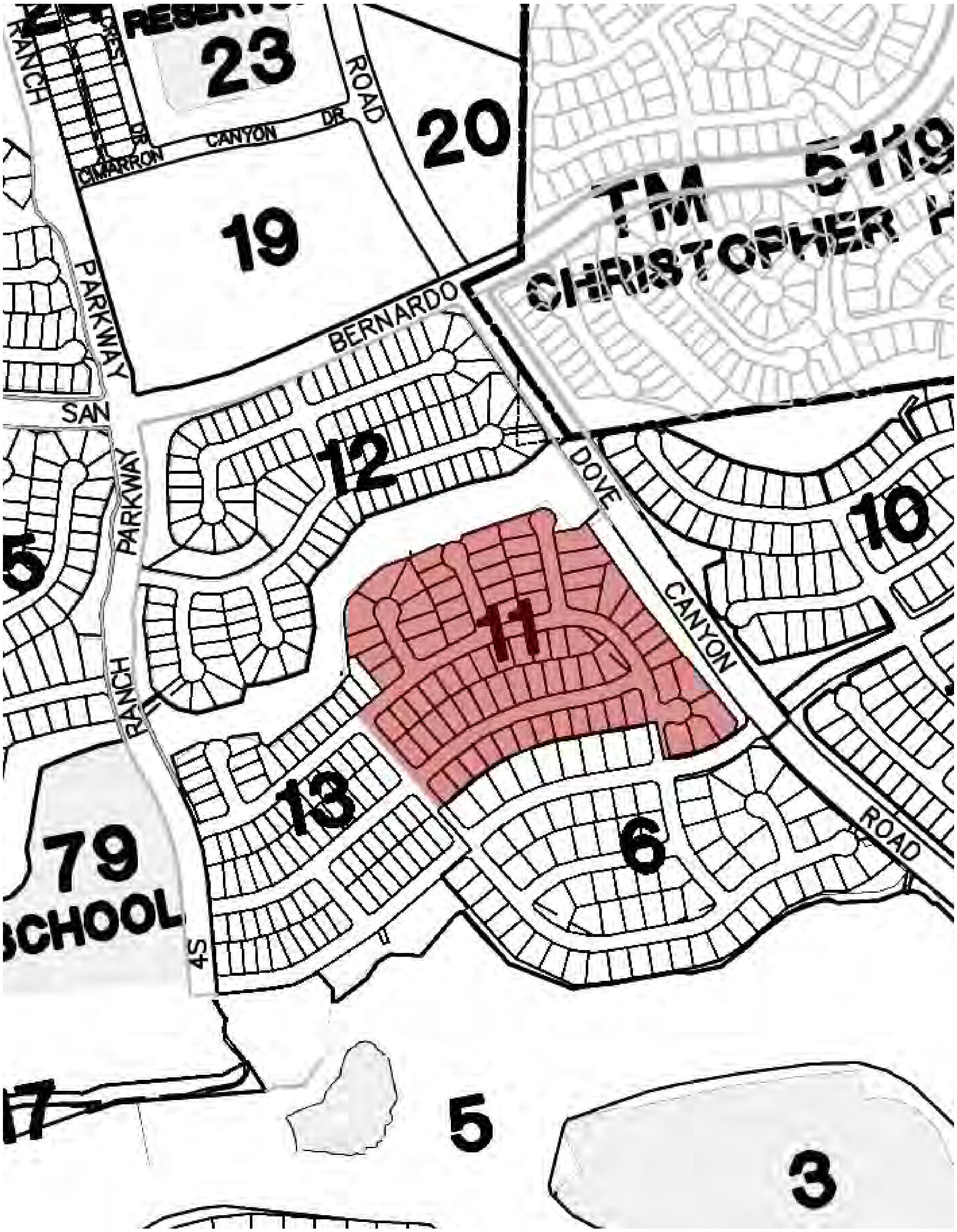
- Total A.V. for product type: $50,971,193
- Average A.V. for product type: $621,600
- Variance from sale price to A.V.: -9.9% to +14.3%, or avg. of -1.7%

It is noted that of the 6 sales, the 3 standard sales indicate the range of -2.1% to +14.3%, the 2 short sales indicate the range of -7.7% and -9.9%, and the lender sale indicates -5.6%. Thus, since 3 of the 6 sales were short or lender sales, on average the sale prices would tend to be on the conservative side, resulting in the average variance of -1.7% for the product type as being on the conservative side.

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
312-260-01-00	2,492	600,000				
312-260-02-00	3,072	646,177				
312-260-03-00	3,075	655,085				
312-260-04-00	2,492	646,000				
312-260-05-00	2,922	700,000				
312-260-06-00	3,075	645,956				
312-260-07-00	3,072	632,861				
312-260-08-00	3,438	676,948				
312-260-09-00	3,072	724,413				
312-260-10-00	2,492	600,000				
312-260-11-00	3,072	613,995				
312-260-12-00	2,492	610,000				
312-260-13-00	3,075	618,463				
312-260-14-00	2,492	625,000				
312-260-15-00	3,075	700,000				
312-260-16-00	3,072	641,078				
312-260-17-00	3,273	618,254				
312-260-18-00	2,492	578,706				
312-260-19-00	2,492	596,754				
312-260-20-00	2,922	655,351				
312-260-21-00	3,273	597,524				
312-260-22-00	3,072	580,702				
312-260-23-00	3,075	605,504				
312-260-24-00	2,492	582,033				
312-260-25-00	2,922	609,805				
312-260-26-00	2,492	600,000				
312-260-27-00	3,075	694,143				
312-260-28-00	3,072	640,047				
312-260-29-00	2,492	600,000				
312-260-30-00	3,075	659,523				
312-260-31-00	3,072	720,000				
312-260-32-00	2,492	600,000				
312-260-33-00	3,072	700,000	Aug-11	Standard	685,000	-2.1%
312-260-34-00	3,273	641,595				
312-260-35-00	2,492	600,000				
312-260-36-00	3,072	656,212				
312-260-37-00	3,075	652,865				
312-260-38-00	3,072	702,000				
312-260-39-00	3,273	600,000				
312-260-40-00	2,492	600,000				
312-260-41-00	3,075	635,108				
312-260-42-00	3,072	602,896				
312-260-43-00	2,492	586,471				
312-260-44-00	3,273	600,000				
312-260-45-00	3,072	636,253				
312-260-46-00	2,492	600,000				
312-260-47-00	3,075	582,951				
312-260-48-00	2,492	556,037				
312-260-49-00	3,273	699,000	Apr-11	Lender	660,000	-5.6%
312-261-01-00	2,267	558,536				
312-261-02-00	2,922	584,753				
312-261-03-00	3,075	624,810				
312-261-04-00	3,072	581,812				

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
312-261-05-00	3,273	600,000				
312-261-06-00	2,922	567,414				
312-261-07-00	2,492	547,105				
312-261-08-00	3,273	700,000	Oct-11	Short	631,000	-9.9%
312-261-09-00	3,072	571,854				
312-261-10-00	3,075	574,073				
312-261-11-00	2,492	609,000				
312-261-12-00	3,072	588,944				
312-261-13-00	3,273	705,270				
312-261-14-00	2,267	530,460				
312-261-15-00	3,075	700,000				
312-261-16-00	2,492	562,197				
312-261-17-00	3,072	580,953				
312-261-18-00	3,273	599,264				
312-261-19-00	2,922	621,363				
312-261-20-00	3,075	602,482				
312-261-21-00	2,267	546,662				
312-261-22-00	2,922	700,000	Dec-11	Short	646,000	-7.7%
312-261-23-00	2,267	576,547				
312-261-24-00	2,922	593,383				
312-261-25-00	3,273	600,000				
312-261-26-00	2,492	593,381				
312-261-27-00	3,075	700,233	Mar-11	Standard	706,000	+0.8%
312-261-28-00	3,072	587,058				
312-261-29-00	2,267	565,415				
312-261-30-00	3,072	651,755				
312-261-31-00	3,273	621,353	Apr-11	Standard	710,000	+14.3%
312-262-01-00	2,492	650,000				
312-262-02-00	3,075	649,406				
TOTAL		50,971,193			4,038,000	
NO. PARCELS		82			6	
AVERAGE		621,600			673,000	-1.7%
MINIMUM		530,460				-9.9%
MAXIMUM		724,413				+14.3%

MAP OF CANYON RIDGE



CANYON RIDGE

PROPERTY DATA

This product type is located along the west side of Dove Canyon Rd., extending north from Dove Creek Rd.

This overall product type is described as Lots 83 through 157 of County of San Diego Tract No. 5216-1, according to Map No. 14431; however, Lot 153 has prepaid the special taxes and is not included in this analysis. The 74 parcels included in this analysis comprise Assessor Parcel Nos. 312-262-03 to 45 and 312-263-01 to 27 & 29 to 32, and the assessed values range from $252,782 to $870,000.

This product type comprises a total of 75 lots, though only 74 are included in this analysis. The minimum lot size is approximately 6,300 s.f., or ±60' by 105'.

These lots were developed by Centex Homes in 2003 and 2004 with 75 homes called Canyon Ridge at 4S Ranch. There are three floor plans, and per builder information the approximate number, size and description of each plan is as follows:

> Plan 1 (±21): 3,137 s.f., two-story, with 4 bedrooms, family room, breakfast nook, 2½ baths and 3-car tandem garage with options of loft, media room, and bath 3.
>
> Plan 2 (±25): 3,382 s.f., two-story, with 3 bedrooms, loft, den, family room, breakfast nook, 3 baths and 3-car garage with options of office, bedroom 4 and 5.
>
> Plan 3 (±29): 3,800 s.f., two-story, with 4 bedrooms, loft, super family room, breakfast nook, 3½ baths and 3-car garage with options of master retreat, bunk room, bedrooms 5 & 6, and bath 4.

Per Assessor data, the homes in this product type range in size from 3,031 s.f. to 3,795 s.f. or an average of 3,463 s.f. (for the 74 homes included in this analysis).

ANALYSIS

Per the spreadsheet on the following pages, the following data is indicated:

- Total A.V. for 74 parcels: $54,305,035
- Average A.V. for 74 parcels: $733,852
- Variance from sale price to A.V.: -15.9% to +4.6%, or avg. of -5.7%

It is noted that of the 2 sales, the standard sale indicates +4.6% and the short sale indicates -15.9%. Thus, due to the negative impact by the short sale, the average variance of -5.7% for this product type would tend to be well on the conservative side.

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR. - AV
312-262-03-00	3,031	700,000				
312-262-04-00	3,795	810,000				
312-262-05-00	3,440	775,000				
312-262-06-00	3,795	870,000				
312-262-07-00	3,440	252,782				
312-262-08-00	3,031	700,000				
312-262-09-00	3,440	775,000				
312-262-10-00	3,795	850,000				
312-262-11-00	3,440	766,309				
312-262-12-00	3,795	727,001				
312-262-13-00	3,440	720,000				
312-262-14-00	3,795	723,383				
312-262-15-00	3,031	814,164				
312-262-16-00	3,795	767,325				
312-262-17-00	3,440	725,000				
312-262-18-00	3,795	758,425				
312-262-19-00	3,616	783,000				
312-262-20-00	3,795	727,112				
312-262-21-00	3,031	698,868				
312-262-22-00	3,795	850,000				
312-262-23-00	3,031	683,605				
312-262-24-00	3,795	775,048				
312-262-25-00	3,440	700,000				
312-262-26-00	3,795	850,000				
312-262-27-00	3,031	676,281				
312-262-28-00	3,616	720,383				
312-262-29-00	3,795	766,505				
312-262-30-00	3,031	656,082				
312-262-31-00	3,795	850,000				
312-262-32-00	3,440	775,000				
312-262-33-00	3,795	801,621				
312-262-34-00	3,031	651,754				
312-262-35-00	3,440	770,759				
312-262-36-00	3,795	760,177	Pending	Standard	±795,000	+4.6%
312-262-37-00	3,440	775,000				
312-262-38-00	3,795	797,056				
312-262-39-00	3,440	678,780				
312-262-40-00	3,031	648,619				
312-262-41-00	3,795	776,430				
312-262-42-00	3,440	725,000				
312-262-43-00	3,031	645,000				
312-262-44-00	3,440	713,701				
312-262-45-00	3,795	798,678				
312-263-01-00	3,031	700,000				
312-263-02-00	3,440	725,000				
312-263-03-00	3,795	800,000				
312-263-04-00	3,031	800,000				
312-263-05-00	3,440	725,000				
312-263-06-00	3,795	850,000				
312-263-07-00	3,031	700,000				
312-263-08-00	3,795	800,000				
312-263-09-00	3,440	712,785				
312-263-10-00	3,031	700,000				

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR. - AV
312-263-11-00	3,795	536,242				
312-263-12-00	3,440	806,023				
312-263-13-00	3,031	666,294				
312-263-14-00	3,795	692,945				
312-263-15-00	3,031	645,000				
312-263-16-00	3,440	684,090				
312-263-17-00	3,795	723,495				
312-263-18-00	3,031	749,664				
312-263-19-00	3,440	775,000				
312-263-20-00	3,795	805,922				
312-263-21-00	3,440	688,452				
312-263-22-00	3,031	648,432				
312-263-23-00	3,795	850,000	Pending	Short	715,000	-15.9%
312-263-24-00	3,440	725,000				
312-263-25-00	3,031	730,000				
312-263-26-00	3,795	710,271				
312-263-27-00	3,440	653,181				
312-263-29-00	3,031	702,707				
312-263-30-00	3,440	700,775				
312-263-31-00	3,795	766,909				
312-263-32-00	3,031	743,000				
TOTAL		54,305,035			1,510,000	
NO. PARCELS		74			2	
AVERAGE		733,852			755,000	-5.7%
MINIMUM		252,782				-15.9%
MAXIMUM		870,000				+4.6%

MAP OF PALOMINO

PALOMINO

PROPERTY DATA

The north part of this product type is located on the west side of Dove Canyon Rd., along the north side and extending south from Dove Creek Rd. and the south part is located on the southeast side of Carmel Valley Rd. at Winesprings Dr.

This product type is described as Lots 158 through 230 of County of San Diego Tract No. 5216-1, according to Map No. 14431 recorded August 21, 2002; and Lots 496 to 519 of County of San Diego Tract No. 5216-3 according to Map No. 14978 recorded March 9, 2005. The 97 lots comprise Assessor Parcel Nos. 312-263-33 to 41, 312-264-01 to 43, 312-265-01 to 21, and 312-280-01 to 24, and the assessed values range from $729,105 to $1,518,106.

This product type comprises a total of 97 lots, with 73 lots of ±7,500 s.f. minimum (±70-75' by 105-110') and 24 lots of ±8,000 s.f. minimum (±70' by 115').

These lots were developed by K. Hovnanian in 2003 through early 2006 with 97 homes called Palomino at 4S Ranch. There are three floor plans, and per builder information the approximate number, size and description of each plan is as follows:

> Plan 1 (24): 4,152 s.f., two-story, with 4 bedrooms, bonus room, loft, parlor, family room, breakfast nook, 3½ baths, center courtyard and 4-car tandem garage with options of bonus room II, master suite II, den/office and bedroom 5.
>
> Plan 2 (37):4,381 s.f., two-story, with 5 bedrooms, bonus room, family room, breakfast nook, 4½ baths and 4-car tandem garage with options of master retreat, super family room, bedroom 6 and bath 5.
>
> Plan 3 (36):4,595 s.f., two-story, with 5 bedrooms, bonus room, den, family room, breakfast nook, 4½ baths and 4-car tandem garage; options of master retreat, theatre, bedroom 6/office.

Per Assessor data, the homes in this product type range in size from 4,132 s.f. to 4,632 s.f. or an average of 4,496 s.f.

ANALYSIS

Per the spreadsheet on the following pages, the following data is indicated:

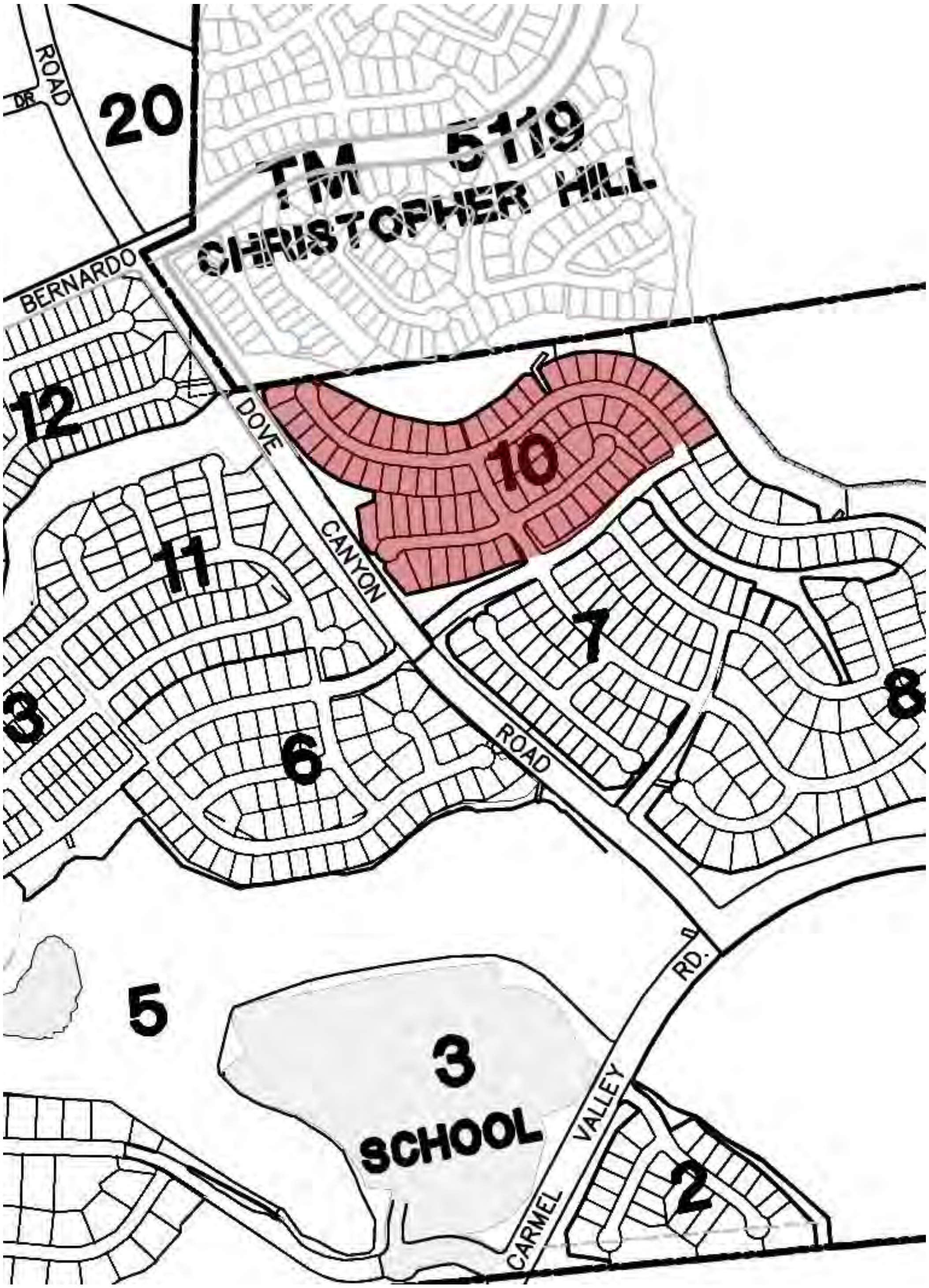
- Total A.V. for product type: $83,761,410
- Average A.V. for product type: $863,520
- Variance from sale price to A.V.: -7.1% to +11.3%, or avg. of +1.8%

It is noted that of the 6 sales, the 3 standard sales indicate the range of +7.1% to +11.3% and the 3 short sales indicate the range of -2.5% to -7.1%. Thus, since 3 of the 6 sales were short sales, the average sale price and thus the average variance of +1.8% for the product type would tend to be on the conservative side.

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
312-263-33-00	4,432	778,151				
312-263-34-00	4,550	786,037				
312-263-35-00	4,570	772,942				
312-263-36-00	4,432	747,747				
312-263-37-00	4,136	729,105				
312-263-38-00	4,595	877,000				
312-263-39-00	4,432	830,000				
312-263-40-00	4,550	802,238				
312-263-41-00	4,570	818,662				
312-264-01-00	4,432	798,909				
312-264-02-00	4,570	876,038				
312-264-03-00	4,136	800,000	Jun-11	Short	780,000	-2.5%
312-264-04-00	4,432	811,557				
312-264-05-00	4,570	837,863				
312-264-06-00	4,550	904,449				
312-264-07-00	4,632	865,122				
312-264-08-00	4,570	863,377				
312-264-09-00	4,432	830,000				
312-264-10-00	4,550	865,524				
312-264-11-00	4,632	917,000				
312-264-12-00	4,570	850,000				
312-264-13-00	4,570	800,018	May-11	Standard	860,000	+7.5%
312-264-14-00	4,550	856,400				
312-264-15-00	4,432	767,835				
312-264-16-00	4,570	813,335				
312-264-17-00	4,432	825,000				
312-264-18-00	4,570	850,000				
312-264-19-00	4,432	897,000				
312-264-20-00	4,136	929,755				
312-264-21-00	4,570	860,000				
312-264-22-00	4,632	875,000				
312-264-23-00	4,136	800,000				
312-264-24-00	4,570	884,201				
312-264-25-00	4,432	830,000				
312-264-26-00	4,570	817,775	Pending	Short	760,000	-7.1%
312-264-27-00	4,632	813,435				
312-264-28-00	4,550	892,678				
312-264-29-00	4,432	900,000				
312-264-30-00	4,570	900,000				
312-264-31-00	4,550	946,070				
312-264-32-00	4,570	885,470				
312-264-33-00	4,550	873,897				
312-264-34-00	4,632	853,287	Nov-11	Standard	950,000	+11.3%
312-264-35-00	4,450	830,000				
312-264-36-00	4,570	925,000				
312-264-37-00	4,432	825,000				
312-264-38-00	4,570	900,000				
312-264-39-00	4,632	875,000				
312-264-40-00	4,570	850,000				
312-264-41-00	4,550	919,000				
312-264-42-00	4,432	794,060				
312-264-43-00	4,570	927,000				
312-265-01-00	4,570	824,533				

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
312-265-02-00	4,432	855,392				
312-265-03-00	4,550	923,904				
312-265-04-00	4,570	822,313				
312-265-05-00	4,136	864,000				
312-265-06-00	4,570	874,535				
312-265-07-00	4,132	859,431				
312-265-08-00	4,432	830,000				
312-265-09-00	4,570	898,887				
312-265-10-00	4,432	900,000				
312-265-11-00	4,570	850,000				
312-265-12-00	4,432	830,000				
312-265-13-00	4,550	832,302				
312-265-14-00	4,432	813,998				
312-265-15-00	4,570	850,000				
312-265-16-00	4,632	900,000				
312-265-17-00	4,136	900,000				
312-265-18-00	4,570	854,369				
312-265-19-00	4,550	850,000	Dec-11	Standard	910,000	+7.1%
312-265-20-00	4,432	830,000				
312-265-21-00	4,570	850,000				
312-280-01-00	4,432	875,000				
312-280-02-00	4,570	850,000				
312-280-03-00	4,632	875,000				
312-280-04-00	4,570	1,518,106				
312-280-05-00	4,432	871,000				
312-280-06-00	4,570	850,000				
312-280-07-00	4,570	850,000				
312-280-08-00	4,136	859,000				
312-280-09-00	4,136	900,000				
312-280-10-00	4,432	887,000				
312-280-11-00	4,570	850,000				
312-280-12-00	4,632	875,000				
312-280-13-00	4,632	900,000				
312-280-14-00	4,570	850,000				
312-280-15-00	4,632	875,000				
312-280-16-00	4,570	875,000				
312-280-17-00	4,632	950,000				
312-280-18-00	4,136	900,000				
312-280-19-00	4,570	850,000				
312-280-20-00	4,632	904,626				
312-280-21-00	4,632	900,000				
312-280-22-00	4,570	850,000				
312-280-23-00	4,136	856,077				
312-280-24-00	4,632	899,000	Jan-12	Short	850,000	-5.5%
TOTAL		83,761,410			5,110,000	
NO. PARCELS		97			6	
AVERAGE		863,520			851,667	+1.8%
MINIMUM		729,105				-7.1%
MAXIMUM		1,518,106				+11.3%

MAP OF AVERY LANE



AVERY LANE

PROPERTY DATA

This product type is located at the northeast corner of Dove Canyon Rd. and Dove Creek Rd., extending north and east to the northeasterly side of Cayenne Ridge Rd.

This product type is described as Lots 235 to 309 of County of San Diego Tract No. 5216-2 according to Map No. 14510. The 75 lots comprise Assessor Parcel Nos. 312-270-01 to 46 and 312-271-01 to 29, and the assessed values range from $693,261 to $900,000.

This product type comprises a total of 75 lots. The minimum lot size is approximately 6,300 s.f., or ±60' by 105'.

These lots were developed by Pulte Homes in 2003 and 2004 with 75 homes called Avery Lane at 4S Ranch. There are three floor plans, and per builder information the approximate number, size and description of each plan is as follows:

> Plan 1 (±20): 3,390 s.f., two-story, with 3 bedrooms, master sitting area, bonus room, den, family room, breakfast nook, 3½ baths and 3-car tandem garage with options of bedrooms 4, 5 and 6, and baths 4 and 5.
>
> Plan 2 (±25): 3,678 s.f., two-story, with 5 bedrooms, loft, family room, breakfast nook, 4½ baths and 3-car tandem garage with options of media room, office, super family room and bedroom 6.
>
> Plan 3 (±30): 3,843 s.f., two-story, with 5 bedrooms, master sitting area, loft, bonus room, family room, breakfast nook, 4½ baths and 4-car tandem garage with options of office, media room, bedrooms 6, 7 and 8.

Per Assessor data, the homes in this product type range in size from 3,423 s.f. to 3,964 s.f. or an average of 3,670 s.f.

ANALYSIS

Per the spreadsheet on the following pages, the following data is indicated:

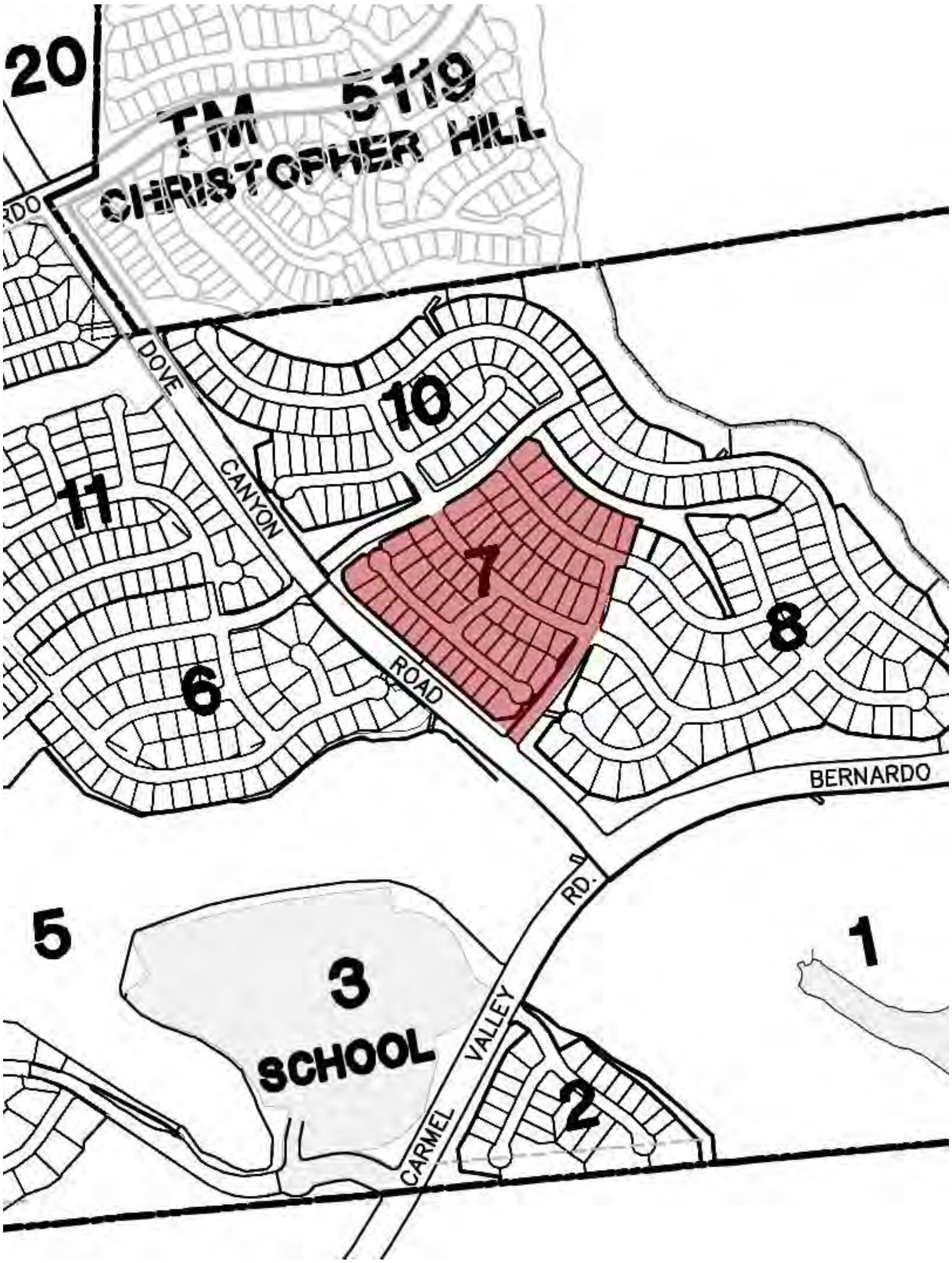
- Total A.V. for product type: $58,626,544
- Average A.V. for product type: $781,687
- Variance from sale price to A.V.: -4.9% to +7.7%, or avg. of +0.5%

It is noted that all 5 sales in this product type were standard sales, thus the average variance indication at +0.5% would tend to be representative of market value in contrast to Assessed Values.

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
312-270-01-00	3,423	717,204				
312-270-02-00	3,733	749,216				
312-270-03-00	3,756	800,000				
312-270-04-00	3,423	739,741				
312-270-05-00	3,756	800,000				
312-270-06-00	3,733	771,277				
312-270-07-00	3,756	725,846				
312-270-08-00	3,733	774,884				
312-270-09-00	3,423	742,222				
312-270-10-00	3,733	767,221				
312-270-11-00	3,756	800,000				
312-270-12-00	3,733	725,000				
312-270-13-00	3,756	830,000				
312-270-14-00	3,756	768,828				
312-270-15-00	3,423	833,227				
312-270-16-00	3,733	775,000	Jul-11	Standard	835,000	+7.7%
312-270-17-00	3,756	794,970				
312-270-18-00	3,733	831,753				
312-270-19-00	3,423	775,000				
312-270-20-00	3,733	775,000				
312-270-21-00	3,423	775,000				
312-270-22-00	3,756	800,000				
312-270-23-00	3,733	763,315				
312-270-24-00	3,756	775,271				
312-270-25-00	3,423	841,303				
312-270-26-00	3,756	800,000				
312-270-27-00	3,733	775,000				
312-270-28-00	3,756	800,000				
312-270-29-00	3,423	775,000				
312-270-30-00	3,756	800,000				
312-270-31-00	3,733	775,000				
312-270-32-00	3,756	830,000				
312-270-33-00	3,423	775,000				
312-270-34-00	3,733	775,000				
312-270-35-00	3,756	810,000	Dec-11	Standard	770,000	-4.9%
312-270-36-00	3,424	775,000				
312-270-37-00	3,733	850,000				
312-270-38-00	3,756	800,000				
312-270-39-00	3,613	750,000				
312-270-40-00	3,901	900,000				
312-270-41-00	3,964	850,000				
312-270-42-00	3,423	732,790				
312-270-43-00	3,756	750,000				
312-270-44-00	3,423	762,627				
312-270-45-00	3,756	785,572				
312-270-46-00	3,733	775,000				
312-271-01-00	3,756	800,000				
312-271-02-00	3,423	775,000				
312-271-03-00	3,733	775,000				
312-271-04-00	3,756	840,000				
312-271-05-00	3,423	775,000	Pending	Standard	790,000	+1.9%
312-271-06-00	3,733	775,000				
312-271-07-00	3,756	830,000				

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
312-271-08-00	3,733	850,000				
312-271-09-00	3,423	731,519				
312-271-10-00	3,756	793,682				
312-271-11-00	3,733	831,000	Oct-11	Standard	790,000	-4.9%
312-271-12-00	3,756	759,624				
312-271-13-00	3,423	800,000				
312-271-14-00	3,733	715,345				
312-271-15-00	3,756	800,000				
312-271-16-00	3,423	746,417				
312-271-17-00	3,756	725,998				
312-271-18-00	3,733	757,549				
312-271-19-00	3,756	800,000	Jul-11	Standard	820,000	+2.5%
312-271-20-00	3,733	735,430				
312-271-21-00	3,964	800,000				
312-271-22-00	3,733	719,452				
312-271-23-00	3,423	693,261				
312-271-24-00	3,756	800,000				
312-271-25-00	3,733	775,000				
312-271-26-00	3,423	775,000				
312-271-27-00	3,733	775,000				
312-271-28-00	3,756	800,000				
312-271-29-00	3,733	775,000				
TOTAL		58,626,544			4,005,000	
NO. PARCELS		75			5	
AVERAGE		781,687			801,000	+0.5%
MINIMUM		693,261				-4.9%
MAXIMUM		900,000				+7.7%

MAP OF CAMBRIDGE



CAMBRIDGE

PROPERTY DATA

This product type is located at the southeast corner of Dove Canyon Rd. and Dove Creek Rd., extending south to Painted Canyon Rd. and east to the east side of Falcon Crest Dr.

This product type is described as Lots 310 to 374 of County of San Diego Tract No. 5216-2 according to Map No. 14510. The 65 lots comprise Assessor Parcel Nos. 312-272-01 to 29 and 312-273-01 to 36, and the assessed values range from $604,800 to $868,927.

This product type comprises a total of 65 lots. The minimum lot size is approximately 6,300 s.f., or ±60’ x 105’.

These lots were developed by Fieldstone Communities in 2003 and 2004 with 65 homes called Cambridge at 4S Ranch. There are three floor plans, and per builder information the number, size and description of each plan is as follows:

> Plan 1 (17): 2,814 s.f., two-story, with 4 bedrooms, family room, breakfast nook, 2½ baths and 3-car tandem garage with options of loft, super family room, den, bedroom 5 and baths 3 and 4.
>
> Plan 2 (23): 3,157 s.f., two-story, with 5 bedrooms, den, family room, breakfast nook, 2½ baths and 3-car tandem garage with options of master suite, double bedroom, loft, study, super family room, bedroom 6 and baths 3 and 4.
>
> Plan 3 (25): 3,392 s.f., two-story, with 5 bedrooms, tech center, den, family room, breakfast nook, 2½ baths and 3-car tandem garage with options of loft, study, super family room, butler’s pantry, bedrooms 6 and 7, and baths 3,4 and 5.

Per Assessor data, the homes in this product type range in size from 2,824 s.f. to 3,652 s.f. or an average of 3,218 s.f.

ANALYSIS

Per the spreadsheet on the following pages, the following data is indicated:

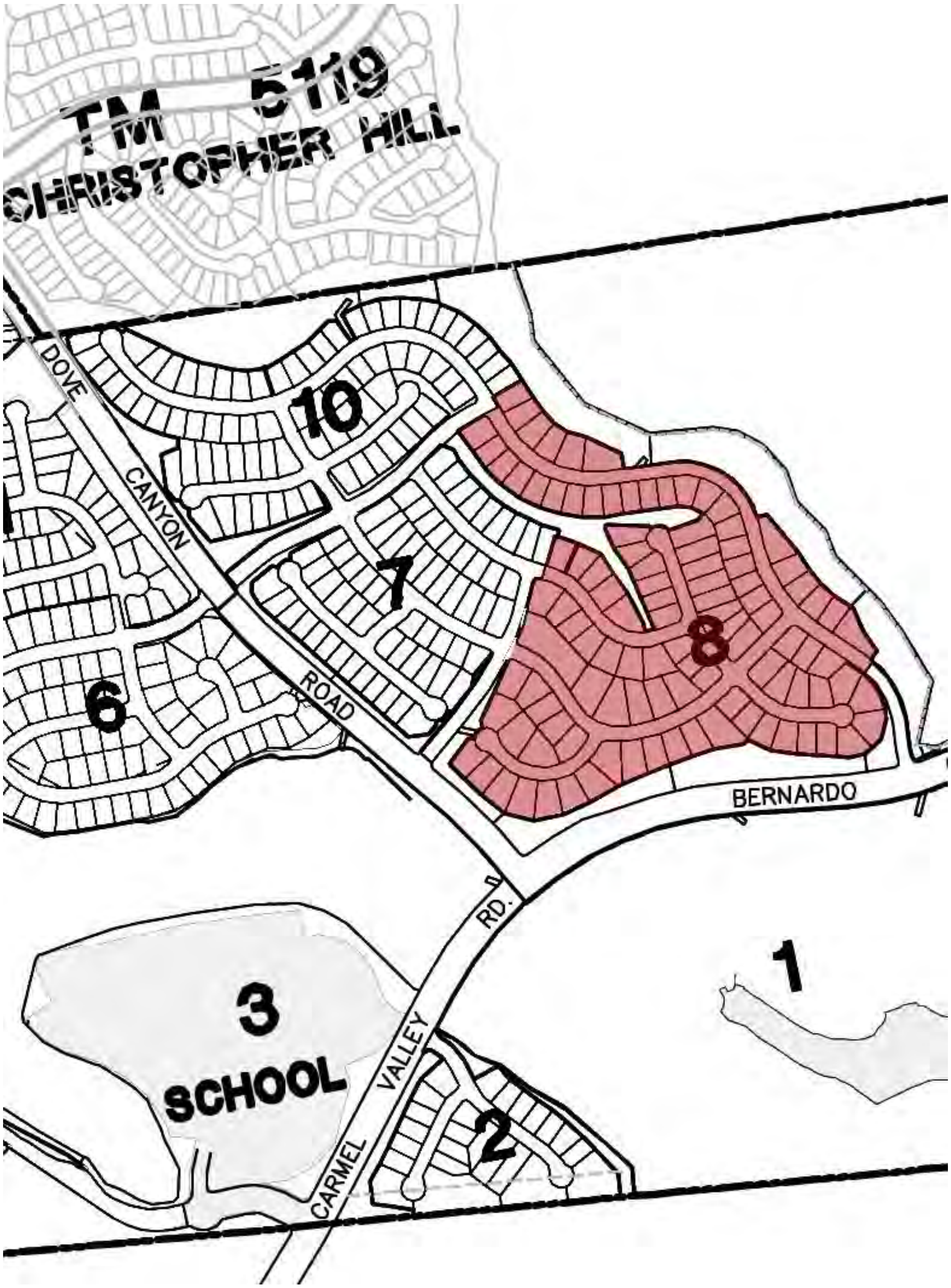
- Total A.V. for product type: $45,178,089
- Average A.V. for product type: $695,048
- Variance from sale price to A.V.: n/a

It is noted that there have been no sales in this product type since January 2011. Of general interest, there is one active listing in this product type which is on APN 312-273-16 with a listing price of $775,000 and an A.V. of $700,000, indicating a variance of +10.7%.

			SALE	SALE		
APN	**SF**	**AV**	**DATE**	**TYPE**	**PRICE**	**VAR. - AV**
312-272-01-00	3,207	653,641				
312-272-02-00	3,430	653,864				
312-272-03-00	3,207	657,415				
312-272-04-00	3,011	628,671				
312-272-05-00	3,207	678,944				
312-272-06-00	3,430	644,752				
312-272-07-00	3,207	720,000				
312-272-08-00	3,430	720,032				
312-272-09-00	2,824	630,000				
312-272-10-00	3,207	654,790				
312-272-11-00	3,430	686,779				
312-272-12-00	3,207	641,423				
312-272-13-00	2,824	758,881				
312-272-14-00	3,430	725,000				
312-272-15-00	3,207	675,617				
312-272-16-00	3,430	652,520				
312-272-17-00	2,824	659,196				
312-272-18-00	3,430	686,490				
312-272-19-00	3,207	680,000				
312-272-20-00	3,430	750,000				
312-272-21-00	2,824	609,838				
312-272-22-00	3,430	700,000				
312-272-23-00	3,207	676,627				
312-272-24-00	3,430	774,000				
312-272-25-00	3,207	680,000				
312-272-26-00	3,430	725,000				
312-272-27-00	3,207	716,438				
312-272-28-00	3,652	868,927				
312-272-29-00	3,011	737,216				
312-273-01-00	3,652	829,240				
312-273-02-00	3,207	700,000				
312-273-03-00	2,824	700,000				
312-273-04-00	3,207	680,000				
312-273-05-00	2,824	630,000				
312-273-06-00	2,824	674,000				
312-273-07-00	3,207	730,458				
312-273-08-00	3,430	721,720				
312-273-09-00	3,207	680,000				
312-273-10-00	2,824	650,000				
312-273-11-00	3,652	711,337				
312-273-12-00	2,824	650,000				
312-273-13-00	3,430	775,000				
312-273-14-00	2,824	630,000				
312-273-15-00	3,430	725,000				
312-273-16-00	3,207	700,000				
312-273-17-00	3,430	725,000				
312-273-18-00	2,824	610,243				
312-273-19-00	3,207	683,495				
312-273-20-00	3,430	708,623				
312-273-21-00	3,207	680,000				
312-273-22-00	2,824	650,505				
312-273-23-00	3,207	658,002				
312-273-24-00	3,430	846,000				

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR. - AV
312-273-25-00	3,207	635,874				
312-273-26-00	3,430	800,000				
312-273-27-00	3,207	848,750				
312-273-28-00	3,430	750,000				
312-273-29-00	2,824	630,000				
312-273-30-00	3,430	696,201				
312-273-31-00	3,207	750,000				
312-273-32-00	3,028	604,800				
312-273-33-00	3,207	641,423				
312-273-34-00	3,430	711,337				
312-273-35-00	2,989	607,020				
312-273-36-00	3,648	708,000				
TOTAL		45,178,089				
NO. PARCELS		65			0	
AVERAGE		695,048				
MINIMUM		604,800				
MAXIMUM		868,927				

MAP OF TERRENO



TERRENO

PROPERTY DATA

This product type is located at northerly corner of Dove Canyon Rd. and Bernardo Center Dr., extending east to Cayenne Ridge Rd. and north to Painted Canyon Rd. and Dove Creek Rd.

This product type is described as Lots 375 to 479 of County of San Diego Tract No. 5216-2 according to Map No. 14510. The 105 lots comprise Assessor Parcel Nos. 312-271-30 to 35, 312-272-30 to 38, 312-274-01 to 41, 312-275-01 to 25 and 312-276-01 to 24, and the assessed values range from $82,652 to $1,086,552.

This product type comprises a total of 105 lots. The minimum lot size is approximately 8,125 s.f., or ±65' x 125'.

These lots were developed by Standard Pacific Homes in 2003 and 2004 with 105 homes called Terreno at 4S Ranch. There are four floor plans, and per builder information the number, size and description of each plan is as follows:

Plan 1 (20): 3,175 s.f., one-story, with 4 bedrooms, study, 3 baths and 3-car tandem garage.

Plan 1X (15): 3,918 s.f., two-story, with 5 bedrooms, study, loft, tech center, 4 baths and 3-car tandem garage.

Plan 2 (33): 3,802 s.f., two-story, with 5 bedrooms, master retreat, study, loft, 4½ baths and 3-car garage.

Plan 3 (37): 3,990 s.f., two-story, with 5 bedrooms, study, tech center, 4½ baths and 3-car garage with optional casitas at third car garage.

Per Assessor data, the homes in this product type range in size from 3,175 s.f. to 4,288 s.f. or an average of 3,774 s.f.

ANALYSIS

Per the spreadsheet on the following pages, the following data is indicated:

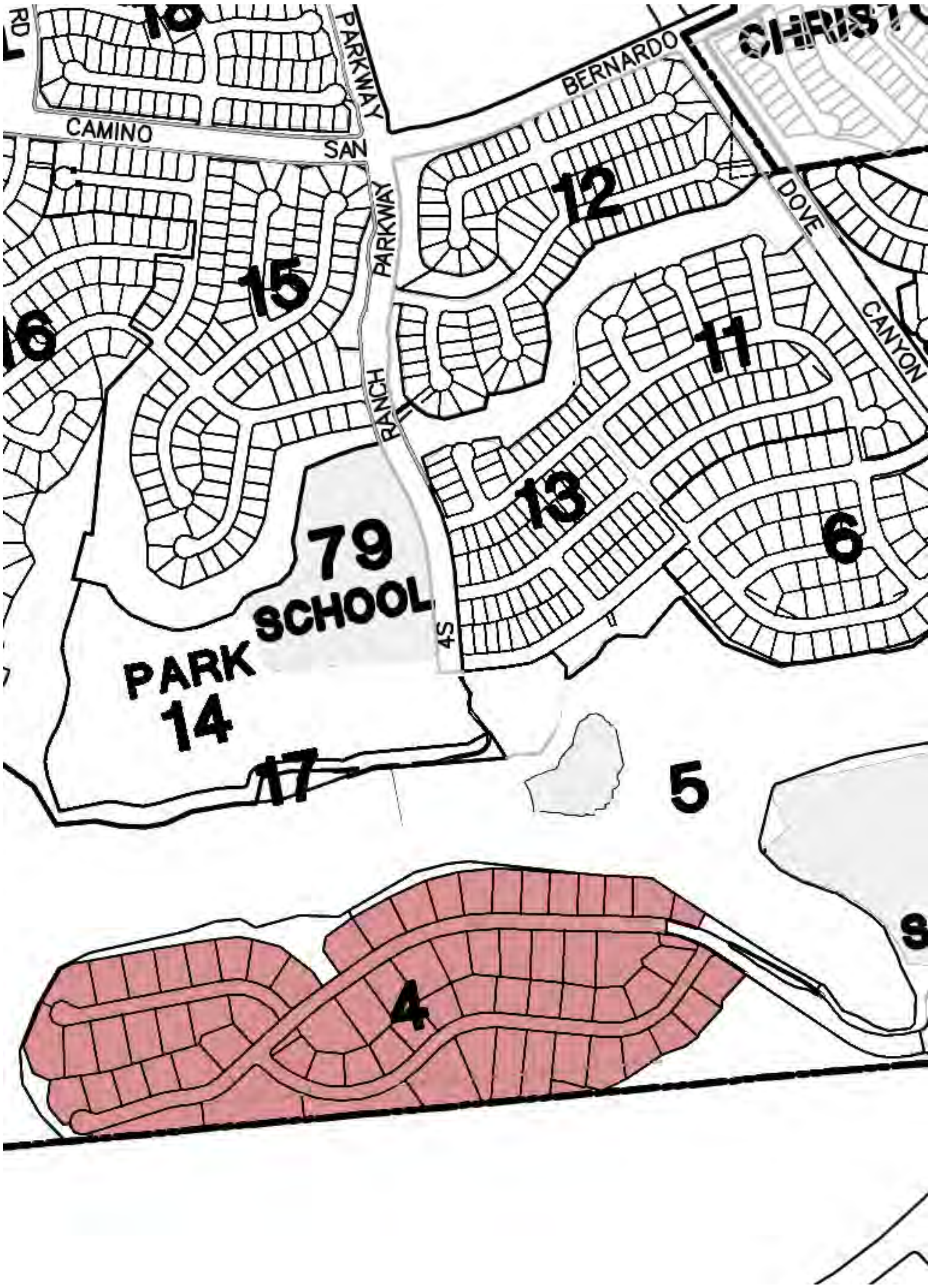
- Total A.V. for product type: $85,737,237
- Average A.V. for product type: $816,545
- Variance from sale price to A.V.: -21.8% to +6.4%, or avg. of -5.3%

It is noted that of the 5 sales, the standard sale indicates -7.1% and the 4 short sales indicate the range of -21.8% to +6.4%. Thus, since 4 of the 5 sales were short sales, the average sale price and thus the average variance of -5.3% for the product type would tend to be well on the conservative side.

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
312-271-30-00	3,990	860,000				
312-271-31-00	3,918	812,227				
312-271-32-00	3,990	885,618				
312-271-33-00	3,175	750,609				
312-271-34-00	3,802	790,000				
312-271-35-00	3,175	742,000				
312-272-30-00	3,990	860,000				
312-272-31-00	3,802	916,851				
312-272-32-00	3,990	860,000				
312-272-33-00	3,802	850,000				
312-272-34-00	3,990	860,000				
312-272-35-00	3,802	850,000				
312-272-36-00	3,990	860,000				
312-272-37-00	3,802	930,000				
312-272-38-00	3,990	846,325				
312-274-01-00	3,175	750,000				
312-274-02-00	3,802	850,000				
312-274-03-00	3,918	806,000				
312-274-04-00	3,802	960,000				
312-274-05-00	3,175	700,000				
312-274-06-00	3,990	860,000				
312-274-07-00	3,802	781,496				
312-274-08-00	3,918	879,498				
312-274-09-00	3,802	917,000				
312-274-10-00	3,990	800,000				
312-274-11-00	3,802	857,407				
312-274-12-00	3,990	860,000				
312-274-13-00	3,990	751,190				
312-274-14-00	3,802	790,000				
312-274-15-00	3,990	920,000				
312-274-16-00	3,802	793,693				
312-274-17-00	3,990	757,847				
312-274-18-00	3,802	760,180				
312-274-19-00	3,175	82,652				
312-274-20-00	3,990	807,788				
312-274-21-00	3,802	863,276				
312-274-22-00	3,918	772,000				
312-274-23-00	3,990	860,000				
312-274-24-00	3,175	744,000				
312-274-25-00	3,802	788,921				
312-274-26-00	3,918	775,000				
312-274-27-00	3,802	930,000				
312-274-28-00	4,288	918,000				
312-274-29-00	3,802	850,000				
312-274-30-00	3,175	720,000				
312-274-31-00	3,990	922,000				
312-274-32-00	3,802	846,000				
312-274-33-00	4,288	900,000				
312-274-34-00	3,175	775,000				
312-274-35-00	4,288	850,000				
312-274-36-00	3,802	866,474				
312-274-37-00	3,918	860,000				
312-274-38-00	3,990	875,000				
312-274-39-00	3,802	850,000				
312-274-40-00	3,175	700,000				

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
312-274-41-00	4,288	915,000				
312-275-01-00	3,175	743,557				
312-275-02-00	3,802	768,945				
312-275-03-00	3,175	699,030				
312-275-04-00	3,802	845,824				
312-275-05-00	3,990	860,000				
312-275-06-00	3,918	791,000				
312-275-07-00	3,802	850,000				
312-275-08-00	4,100	895,000				
312-275-09-00	4,288	830,000				
312-275-10-00	3,802	850,000				
312-275-11-00	3,918	809,000				
312-275-12-00	3,990	800,000				
312-275-13-00	3,175	737,000				
312-275-14-00	3,918	1,086,552	Dec-11	Short	850,000	-21.8%
312-275-15-00	3,990	877,000	Sep-11	Standard	815,000	-7.1%
312-275-16-00	3,802	900,000				
312-275-17-00	3,990	900,000				
312-275-18-00	3,918	860,000				
312-275-19-00	3,802	900,000				
312-275-20-00	3,990	850,701				
312-275-21-00	3,175	750,000	Feb-12	Short	730,000	-2.7%
312-275-22-00	3,802	851,362				
312-275-23-00	3,175	715,000				
312-275-24-00	3,990	860,000	Apr-11	Short	915,000	+6.4%
312-275-25-00	3,175	750,000				
312-276-01-00	3,802	825,000				
312-276-02-00	3,175	742,000				
312-276-03-00	3,990	783,857				
312-276-04-00	3,918	806,023				
312-276-05-00	3,990	811,116				
312-276-06-00	3,175	720,000				
312-276-07-00	3,802	834,180				
312-276-08-00	3,990	800,000	Pending	Short	±790,000	-1.3%
312-276-09-00	3,802	780,000				
312-276-10-00	3,918	782,000				
312-276-11-00	3,990	860,000				
312-276-12-00	3,175	750,000				
312-276-13-00	3,802	850,000				
312-276-14-00	3,918	795,000				
312-276-15-00	3,990	833,000				
312-276-16-00	3,802	802,240				
312-276-17-00	3,175	700,000				
312-276-18-00	3,175	700,000				
312-276-19-00	3,990	783,000				
312-276-20-00	3,802	900,000				
312-276-21-00	3,175	700,000				
312-276-22-00	3,990	835,000				
312-276-23-00	3,918	775,798				
312-276-24-00	3,990	850,000				
TOTAL		85,737,237			4,100,000	
NO. PARCELS		105			5	
AVERAGE		816,545			820,000	-5.3%
MINIMUM		82,652				-21.8%
MAXIMUM		1,086,552				+6.4%

MAP OF IVY GATE



IVY GATE

PROPERTY DATA

This product type is located at the southerly end of the 4S Ranch community, nearby to the northwest of Carmel Valley Rd. at Winecreek Rd.

This product type is described as Lots 520 through 585 of County of San Diego Tract No. 5216-3, according to Map No. 14978, recorded March 9, 2005. The 66 lots comprise Assessor Parcel Nos. 312-281-01 to 03, 312-282-01 to 35, and 312-283-01 to 28, and the assessed values range from $795,655 to $1,778,531.

This product type comprises a total of 66 lots. The minimum lot size is ±15,000 s.f. (pad), but the average size is closer to 20,000 s.f.

These lots were developed by Woodbridge Homes in 2005/2006 with 66 homes called Ivy Gate at 4S Ranch. The floor plans are described as follows:

> Plan 1 (10): 3,820 s.f., one-story, with 4 bedrooms, teen room, study, family room, breakfast nook, 3½ baths, courtyard and 3-space garage with options of exercise room, guest suite, bedroom 5 and bath 4.
>
> Plan 2 (18): 4,205 s.f., one-story, with 4 bedrooms, teen room, office, family room, breakfast nook, 4½ baths, garden patio and 4-space garage with options of exercise room, guest suite and bedroom 5.
>
> Plan 3 (18): 4,849 s.f., two-story, with 5 bedrooms, master sitting room, teen room, computer center, office, family room, breakfast nook, 5½ baths and 3-car garage with options of game room, media room, bedroom 6 and bath 6.
>
> Plan 4 (20): 5,359 s.f., two-story, with 5 bedrooms, master sitting room, bonus room, tech center, office, media room, family room, breakfast nook, 5½ baths and 4-car split garage.

Per Assessor data, the homes in this product type range in size from 3,819 s.f. to 5,429 s.f. or an average of 4,642 s.f.

ANALYSIS

Per the spreadsheet on the following pages, the following data is indicated:

- Total A.V. for product type: $81,504,960
- Average A.V. for product type: $1,234,924
- Variance from sale price to A.V.: -23.0% to +23.6%, or avg. of +0.2%

It is noted that of the 12 sales, the 7 standard sales indicate the range of -6.0% to +23.6%, and the 5 short sales indicate the range of -23.0% to +7.1%. Thus, since 5 of the 12 sales were short sales, on average the sale prices would tend to be on the conservative side, resulting in the average variance of +0.2% for the product type also being on the conservative side.

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
312-281-01-00	5,361	1,372,000				
312-281-02-00	3,819	1,080,000				
312-281-03-00	4,205	1,170,000	Jul-11	Standard	1,100,000	-6.0%
312-282-01-00	3,819	1,000,000				
312-282-02-00	4,205	1,100,000				
312-282-03-00	5,106	1,360,165	Nov-11	Standard	1,430,000	+5.1%
312-282-04-00	5,361	1,294,000				
312-282-05-00	3,819	1,000,000				
312-282-06-00	3,819	1,165,711				
312-282-07-00	5,429	1,522,304				
312-282-08-00	4,854	1,100,000	May-11	Standard	1,360,000	+23.6%
312-282-09-00	4,205	1,087,562				
312-282-10-00	5,361	1,300,000				
312-282-11-00	4,205	1,200,000				
312-282-12-00	4,854	1,309,789				
312-282-13-00	4,205	1,152,000				
312-282-14-00	5,106	1,300,000				
312-282-15-00	3,819	1,150,000				
312-282-16-00	4,205	795,655				
312-282-17-00	5,361	1,385,353				
312-282-18-00	4,205	1,311,005	Jan-12	Standard	1,400,000	+6.8%
312-282-19-00	5,361	1,350,000				
312-282-20-00	4,205	1,170,000				
312-282-21-00	3,819	1,080,000				
312-282-22-00	5,361	1,410,542				
312-282-23-00	3,819	1,259,412				
312-282-24-00	4,205	1,271,101				
312-282-25-00	5,361	1,300,000				
312-282-26-00	5,177	1,050,000				
312-282-27-00	4,205	1,091,883				
312-282-28-00	5,361	1,642,273				
312-282-29-00	4,205	1,250,000				
312-282-30-00	5,361	1,250,000				
312-282-31-00	5,177	1,294,000				
312-282-32-00	4,205	1,097,906				
312-282-33-00	5,361	1,300,000				
312-282-34-00	4,854	1,218,015				
312-282-35-00	4,205	1,314,825				
312-283-01-00	5,177	1,198,960				
312-283-02-00	3,819	1,175,000				
312-283-03-00	4,854	1,270,000				
312-283-04-00	5,361	1,364,000	May-11	Short	1,050,000	-23.0%
312-283-05-00	4,205	1,170,000				
312-283-06-00	5,361	1,778,531				
312-283-07-00	4,205	1,170,000	May-11	Short	1,065,000	-9.0%
312-283-08-00	4,854	1,147,000				
312-283-09-00	5,177	1,200,000				
312-283-10-00	3,819	1,080,000	Jul-11	Short	950,000	-12.0%
312-283-11-00	5,361	1,450,000				
312-283-12-00	4,205	1,016,196				
312-283-13-00	5,361	1,350,000				
312-283-14-00	3,819	1,000,000	Jun-11	Standard	1,075,000	+7.5%
312-283-15-00	3,819	1,235,000	Mar-11	Standard	1,235,000	0.0%

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
312-283-16-00	3,819	1,413,831	Pending	Short	1,120,000	-20.8%
312-283-17-00	5,361	1,399,000				
312-283-18-00	4,205	1,170,000				
312-283-19-00	5,177	1,500,000				
312-283-20-00	4,205	1,306,683				
312-283-21-00	5,361	1,250,000	Jul-11	Short	1,339,000	+7.1%
312-283-22-00	4,854	982,845				
312-283-23-00	4,854	1,100,000				
312-283-24-00	5,361	1,300,000				
312-283-25-00	3,819	1,080,000				
312-283-26-00	4,854	1,130,903	Aug-11	Standard	1,395,000	+23.4%
312-283-27-00	4,205	1,100,000				
312-283-28-00	5,361	1,661,510				
TOTAL		81,504,960			14,519,000	
NO. PARCELS		66			12	
AVERAGE		1,234,924			1,209,917	+0.2%
MINIMUM		795,655				-23.0%
MAXIMUM		1,778,531				+23.6%

MAP OF REUNION

REUNION

PROPERTY DATA

This product type is located at the northwesterly corner of Paseo de Linda and Albert Ave., extending west to the west side of Camino San Thomas and north to the north side of Sienna Hills Dr.

This product type is described as Lots 338 to 403 of County of San Diego Tract No. 5229-1, according to Map No. 14747, recorded February 27, 2004. The 66 lots comprise Assessor Parcel Nos. 678-635-38 to 59 and 678-636-01 to 44, and the assessed values range from $710,000 to $930,000.

This product type comprises a total of 66 lots. The minimum lot size is ±6,300 s.f., or ±60' by 105'.

These lots were developed by Davidson Communities in 2005 and 2006 with 66 homes called Reunion at 4S Ranch. There are three floor plans and the number and description of each plan is as follows:

Plan 1 (21): 3,594 s.f., two-story, with 3 bedrooms, master retreat and breakfast bar, bonus room, office, gathering room, breakfast nook, 3½ baths and 3-car tandem garage.

Plan 2 (22): 4,153 s.f., two-story, with 5 bedrooms, bonus room, library, gathering room, informal dining room, 3½ baths and 2-car garage with optional outdoor kitchen.

Plan 3 (23): 4,276 s.f., two-story, with 5 bedrooms, master retreat, loft, study, sitting area, gathering room, breakfast nook, office, super storage area, 4½ baths and 2-car garage.

Per Assessor data, the homes in this product type range in size from 3,574 s.f. to 4,478 s.f. or an average of 3,882 s.f.

ANALYSIS

Per the spreadsheet on the following pages, the following data is indicated:

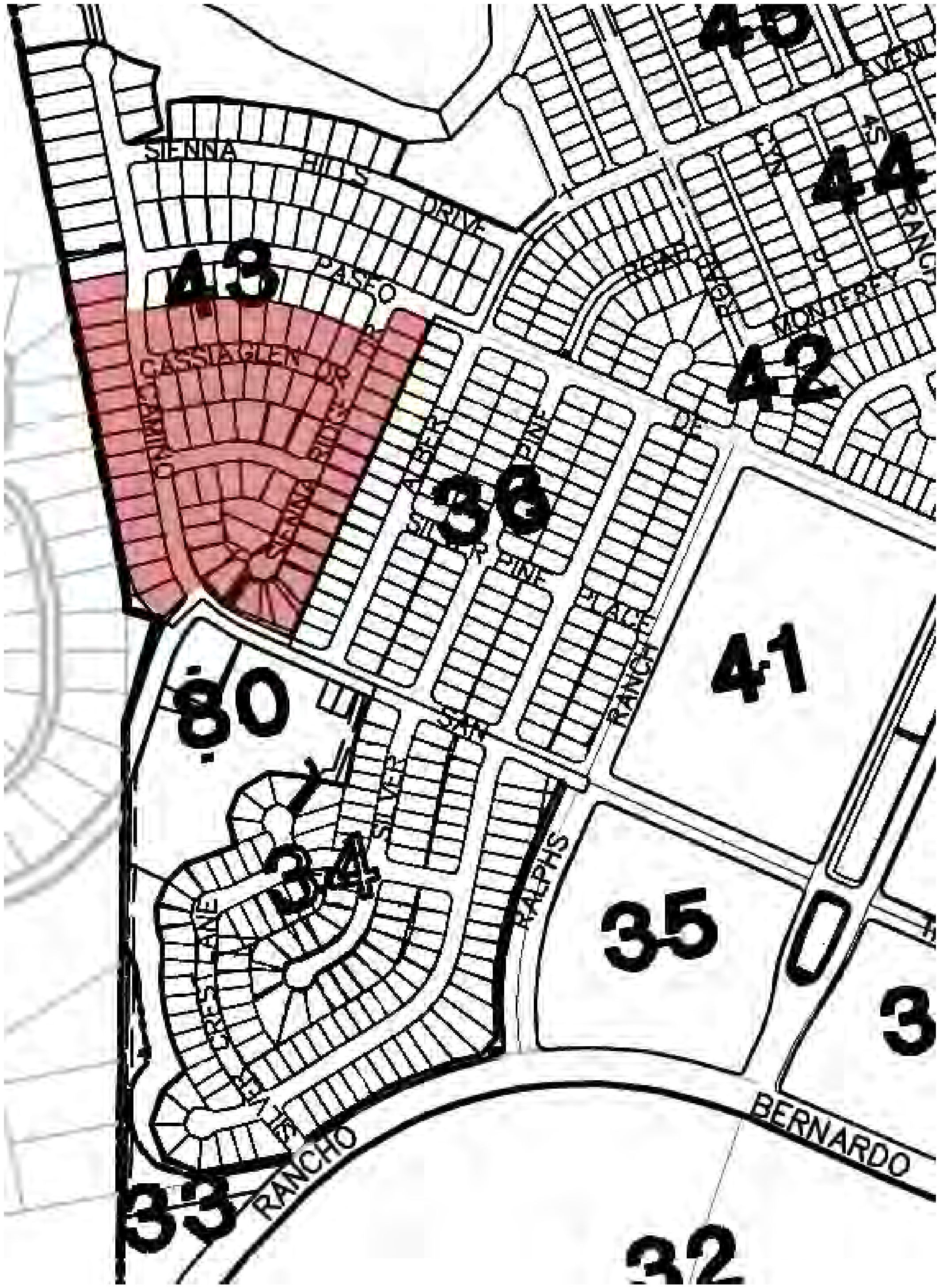
- Total A.V. for product type: $50,796,007
- Average A.V. for product type: $769,636
- Variance from sale price to A.V.: -12.6% to +2.0%, or avg. of -7.3%

It is noted that of the 8 sales, the standard sale indicates -8.6%, the 6 short sales indicate the range of -12.6% to +2.0%, and the lender sale indicates -4.1%. Thus, since 7 of the 8 sales were short or lender sales, on average the sale prices would tend to be well on the conservative side, resulting in the average variance of -7.3% for the product type also being well on the conservative side.

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-635-38-00	3,585	747,000				
678-635-39-00	3,823	740,000				
678-635-40-00	4,150	759,000				
678-635-41-00	3,585	765,000				
678-635-42-00	4,150	792,000	Dec-11	Short	735,000	-7.2%
678-635-43-00	3,823	755,646	Aug-11	Lender	725,000	-4.1%
678-635-44-00	4,414	858,000	Nov-11	Short	750,000	-12.6%
678-635-45-00	3,823	751,000				
678-635-46-00	3,594	743,804				
678-635-47-00	4,150	765,000				
678-635-48-00	3,823	743,000				
678-635-49-00	4,150	795,000	Dec-11	Short	700,000	-11.9%
678-635-50-00	3,585	731,000				
678-635-51-00	3,823	751,000	Mar-11	Short	705,000	-6.1%
678-635-52-00	3,585	760,684	Mar-11	Standard	695,000	-8.6%
678-635-53-00	4,150	796,000				
678-635-54-00	3,823	751,000				
678-635-55-00	4,150	793,000				
678-635-56-00	3,574	724,000				
678-635-57-00	3,823	743,000				
678-635-58-00	3,574	723,406				
678-635-59-00	4,335	780,834				
678-636-01-00	3,823	751,000				
678-636-02-00	4,150	801,000	Mar-11	Short	725,000	-9.5%
678-636-03-00	3,823	751,000				
678-636-04-00	3,574	719,000				
678-636-05-00	4,335	900,000				
678-636-06-00	3,574	800,000				
678-636-07-00	3,823	751,000				
678-636-08-00	4,150	794,000				
678-636-09-00	3,574	750,609				
678-636-10-00	4,150	765,000				
678-636-11-00	3,823	751,000				
678-636-12-00	4,150	873,466				
678-636-13-00	3,823	718,000				
678-636-14-00	3,574	780,000				
678-636-15-00	4,150	765,000				
678-636-16-00	3,823	751,000				
678-636-17-00	3,574	716,000	Jan-11	Short	730,000	+2.0%
678-636-18-00	3,823	751,000				
678-636-19-00	4,478	930,000				
678-636-20-00	3,574	715,000				
678-636-21-00	4,335	769,000				
678-636-22-00	4,150	814,000				
678-636-23-00	3,574	790,000				
678-636-24-00	3,823	765,000				
678-636-25-00	4,150	775,000				
678-636-26-00	3,823	751,000				
678-636-27-00	3,574	735,000				
678-636-28-00	3,823	742,000				
678-636-29-00	4,150	765,000				
678-636-30-00	3,574	734,000				
678-636-31-00	4,150	812,000				

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-636-32-00	3,823	752,000				
678-636-33-00	3,574	810,000				
678-636-34-00	4,335	769,000				
678-636-35-00	3,823	723,000				
678-636-36-00	3,574	797,000				
678-636-37-00	3,823	747,000				
678-636-38-00	4,150	826,174				
678-636-39-00	3,574	710,000				
678-636-40-00	3,823	751,000				
678-636-41-00	4,335	858,384				
678-636-42-00	3,574	711,000				
678-636-43-00	3,823	751,000				
678-636-44-00	3,574	837,000				
TOTAL		50,796,007			5,765,000	
NO. PARCELS		66			8	
AVERAGE		769,636			720,625	-7.3%
MINIMUM		710,000				-12.6%
MAXIMUM		930,000				+2.0%

MAP OF TRAVATA



TRAVATA

PROPERTY DATA

This product type is located from Sienna Ridge Dr. west to Camino San Thomas, south from Paseo De Linda.

This product type is described as Lots 273 through 337 of County of San Diego Tract No. 5229-1, according to Map No. 14747, recorded February 27, 2004. The 65 lots comprise Assessor Parcel Nos. 678-635-08 to 37 and 678-634-13 to 47, and the assessed values range from $695,195 to $871,457.

This product type comprises a total of 65 lots. The minimum lot size is ±6,300 s.f., or ±60’ by 105’.

These lots were developed by Standard Pacific Homes in 2005 and 2006 with 65 homes called Travata at 4S Ranch. There are three floor plans and the number and the description of each plan is as follows:

> Plan 1 (19): 3,552 s.f., two-story, with 4 bedrooms, master retreat, bonus room or optional bedroom 6, den or optional bedroom 5, breakfast nook, family room, 4 baths, and 3-car tandem garage; optional bedroom 7 with bath 5 or craft room in lieu of tandem portion of garage.
>
> Plan 2 (20): 3,676 s.f., two-story, with 3 bedrooms, loft or optional bedroom 4, office or optional master retreat, den or optional bedroom 5, family room, breakfast nook, 4½ baths, and 3-car garage; optional study in lieu of third-car garage.
>
> Plan 3 (26): 3,726 s.f., two-story, with 4 bedrooms, master retreat, bonus room, tech center, den or optional bedroom 5, family room, breakfast nook, 4½ baths, and 3-car garage; optional game room in lieu of third-car garage.

Per Assessor data, the homes in this product type range in size from 3,552 s.f. to 3,866 s.f. or an average of 3,692 s.f.

ANALYSIS

Per the spreadsheet on the following pages, the following data is indicated:

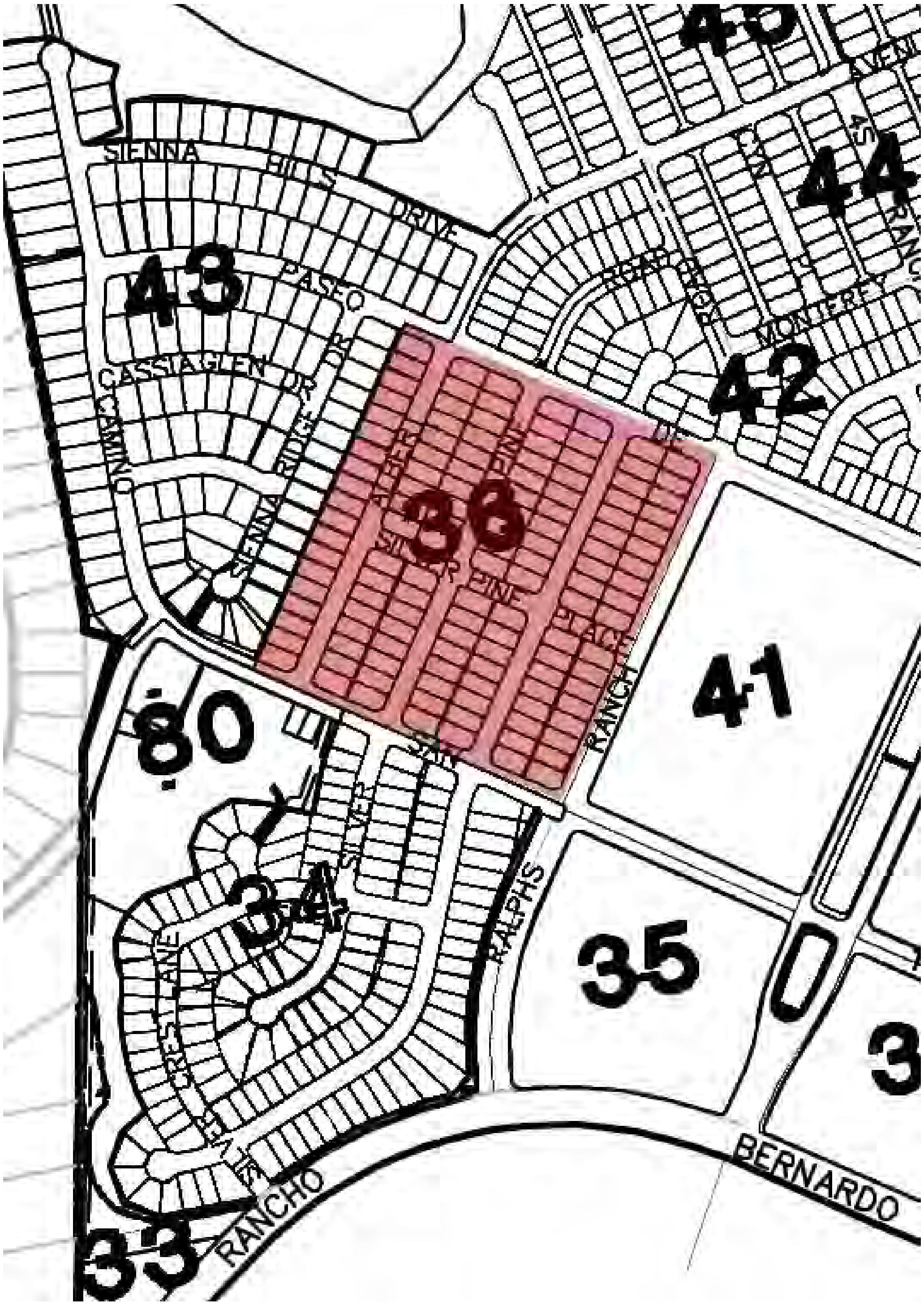
- Total A.V. for product type: $48,382,712
- Average A.V. for product type: $744,349
- Variance from sale price to A.V.: -14.1% to +4.5%, or avg. of -6.4%

It is noted that of the 7 sales, the standard sale indicates +4.5%, and the 6 short sales indicate the range of -1.4% to -14.1%. Thus, since 6 of the 7 sales were short sales, on average the sale prices would tend to be well on the conservative side, resulting in the average variance of -6.4% for this product type also being well on the conservative side.

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	
678-634-13-00	3,606	715,000	Dec-11	Short	662,000	-7.4%
678-634-14-00	3,729	728,000				
678-634-15-00	3,866	765,000				
678-634-16-00	3,729	765,000				
678-634-17-00	3,798	727,500				
678-634-18-00	3,729	728,000				
678-634-19-00	3,675	765,000				
678-634-20-00	3,606	715,000				
678-634-21-00	3,866	781,000				
678-634-22-00	3,729	738,000	Dec-11	Short	675,000	-8.5%
678-634-23-00	3,552	750,000				
678-634-24-00	3,729	765,000				
678-634-25-00	3,675	747,000				
678-634-26-00	3,552	730,000				
678-634-27-00	3,729	735,000				
678-634-28-00	3,675	729,000				
678-634-29-00	3,552	730,000				
678-634-30-00	3,675	765,000	Jun-11	Short	696,000	-9.0%
678-634-31-00	3,552	700,000				
678-634-32-00	3,729	718,317				
678-634-33-00	3,675	739,000	Jun-11	Short	675,000	-8.7%
678-634-34-00	3,675	765,000				
678-634-35-00	3,729	765,000				
678-634-36-00	3,606	756,000				
678-634-37-00	3,729	737,000	Jun-11	Standard	770,000	+4.5%
678-634-38-00	3,675	737,000				
678-634-39-00	3,729	765,000				
678-634-40-00	3,552	720,000				
678-634-41-00	3,729	737,000				
678-634-42-00	3,729	765,000				
678-634-43-00	3,675	733,000				
678-634-44-00	3,729	770,000				
678-634-45-00	3,552	730,000				
678-634-46-00	3,866	751,000				
678-634-47-00	3,729	765,000				
678-635-08-00	3,675	728,000				
678-635-09-00	3,729	728,000				
678-635-10-00	3,552	730,000				
678-635-11-00	3,729	728,000	Feb-12	Short	625,000	-14.1%
678-635-12-00	3,675	727,000				
678-635-13-00	3,729	765,000				
678-635-14-00	3,675	765,000				
678-635-15-00	3,552	730,000				
678-635-16-00	3,729	762,000				
678-635-17-00	3,866	750,000				
678-635-18-00	3,729	738,000				
678-635-19-00	3,606	871,457				
678-635-20-00	3,729	765,000				
678-635-21-00	3,675	740,533				
678-635-22-00	3,729	695,195				
678-635-23-00	3,606	730,000				
678-635-24-00	3,675	729,000				
678-635-25-00	3,729	765,000				

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	
678-635-26-00	3,738	770,000				
678-635-27-00	3,675	720,000				
678-635-28-00	3,606	718,675				
678-635-29-00	3,729	789,035				
678-635-30-00	3,552	730,000				
678-635-31-00	3,729	765,000				
678-635-32-00	3,675	720,000				
678-635-33-00	3,798	700,000				
678-635-34-00	3,729	765,000				
678-635-35-00	3,675	735,000				
678-635-36-00	3,798	740,000	Apr-11	Short	730,000	-1.4%
678-635-37-00	3,729	751,000				
TOTAL		48,382,712			4,833,000	
NO. PARCELS		65			7	
AVERAGE		744,349			690,429	-6.4%
MINIMUM		695,195				-14.1%
MAXIMUM		871,457				+4.5%

MAP OF SILVERCREST



SILVERCREST

PROPERTY DATA

This product type is located at the northwest corner of Camino San Thomas and Ralphs Ranch Rd., extending north to Paseo de Linda and west to the west side of Albert Ave.

This product type is described as Lots 134 through 260 of County of San Diego Tract No. 5229-1, according to Map No. 14747, recorded February 27, 2004. The 127 lots comprise Assessor Parcel Nos. 678-632-01 to 48, 678-633-01 to 60, 678-634-01 to 12 and 678-635-01 to 07, and the assessed values range from $557,365 to $765,000.

This product type comprises a total of 127 lots. The minimum lot size is 5,000 s.f., or ±50’ by 100’.

Fieldstone Communities built 121 homes from 2004 through 2006 with the bulk of the product type of homes called SilverCrest at 4S Ranch, and another builder built the remaining 6 homes in 2010. The description and approximate number of the floor plans is as follows:

> Plan 1 (32): 2,901 s.f., two-story, with 4 bedrooms, den, breakfast nook, family room, 2½ baths and 3-car tandem garage with options of tech center, loft, study, super family room, bedroom 5 and baths 3 and 4.
>
> Plan 2 (44): 3,212 s.f., two-story, with 4 bedrooms, den, breakfast nook, family room, 2½ baths and 3-car tandem garage with options of loft, study, super family room, bedroom 5 and baths 3, 4 and 5.
>
> Plan 3 (51): 3,365 s.f., two-story, with 4 bedrooms, den, breakfast nook, family room, 2½ baths and 3-car tandem garage with options of loft, study, super family room, bedrooms 5 and 6, and baths 3 through 6.

Per Assessor data, the homes in this product type range from 2,920 s.f. to 3,628 s.f. or an average of 3,329 s.f.

ANALYSIS

Per the spreadsheet on the following pages, the following data is indicated:

- Total A.V. for product type: $86,569,316
- Average A.V. for product type: $681,648
- Variance from sale price to A.V.: -14.8% to +11.8%, or avg. of -2.3%

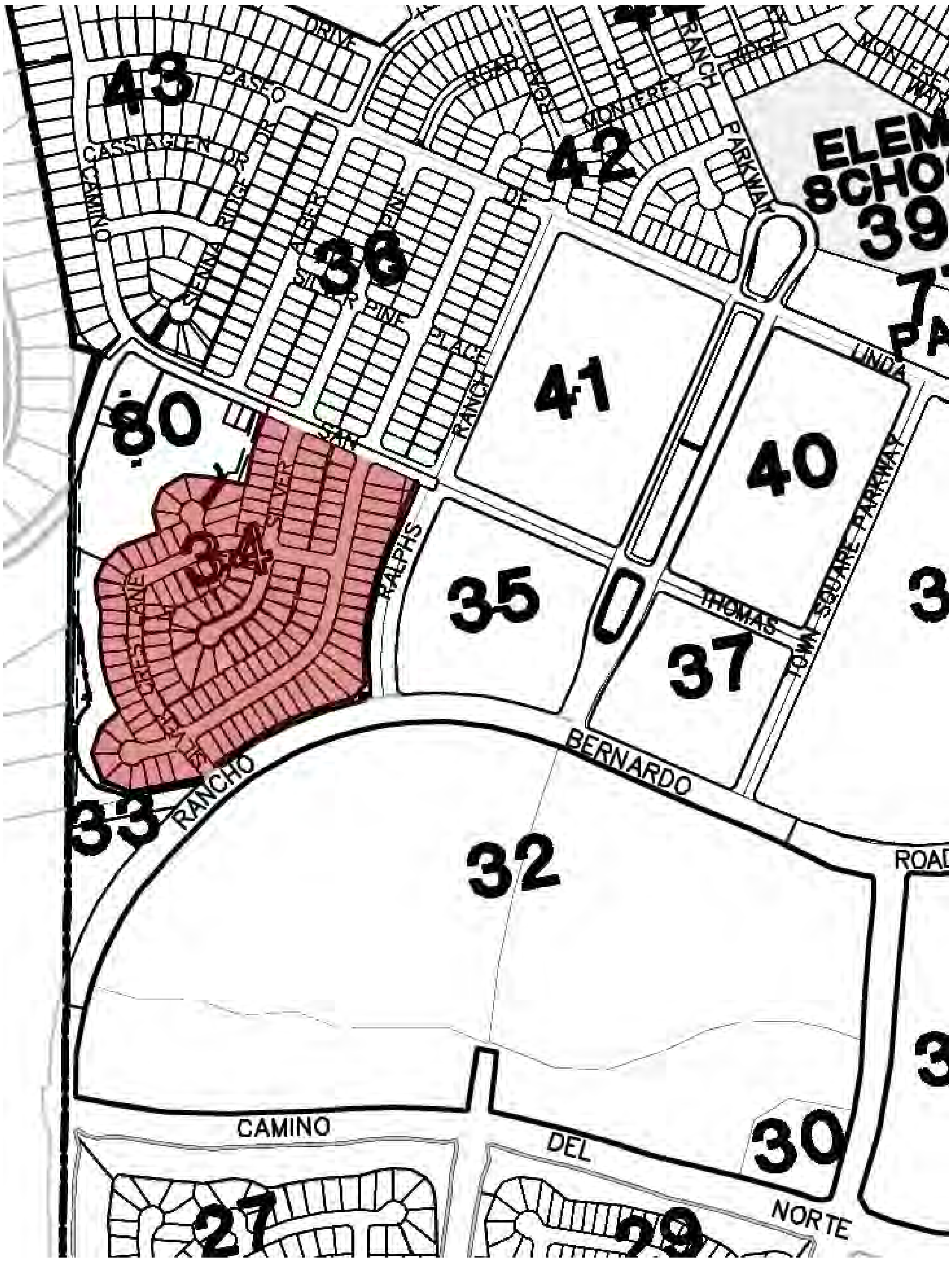
It is noted that of the 7 sales, the 4 standard sales (including 1 builder sale) indicate the range of -4.3% to +11.8%, the 2 short sales both indicate -7.4%, and the lender sale indicates -14.8%. Thus, since 3 of the 7 sales were short or lender sales, on average the sale prices would tend to be on the conservative side, resulting in the average variance of -2.3% for this product type also being on the conservative side.

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-632-01-00	3,166	655,000				
678-632-02-00	3,390	679,000				
678-632-03-00	3,431	662,954				
678-632-04-00	3,390	679,000				
678-632-05-00	2,968	610,000				
678-632-06-00	3,237	680,000				
678-632-07-00	3,390	668,417				
678-632-08-00	3,431	675,000				
678-632-09-00	3,390	690,000				
678-632-10-00	3,431	658,000				
678-632-11-00	3,166	630,000				
678-632-12-00	3,390	699,900				
678-632-13-00	3,237	622,317	Jan-11	Builder	696,000	+11.8%
678-632-14-00	2,968	677,900				
678-632-15-00	3,393	729,900				
678-632-16-00	3,365	714,900				
678-632-17-00	3,365	718,076				
678-632-18-00	2,968	648,797				
678-632-19-00	3,237	728,397				
678-632-20-00	3,390	747,895				
678-632-21-00	2,968	699,900				
678-632-22-00	3,431	695,000				
678-632-23-00	3,390	679,000				
678-632-24-00	3,431	688,731				
678-632-25-00	3,390	700,000				
678-632-26-00	3,431	703,599				
678-632-27-00	2,968	652,000				
678-632-28-00	3,390	679,000				
678-632-29-00	3,237	675,000				
678-632-30-00	3,166	623,740				
678-632-31-00	3,390	705,000				
678-632-32-00	3,237	675,000				
678-632-33-00	3,390	695,000				
678-632-34-00	2,968	690,000				
678-632-35-00	3,431	690,000				
678-632-36-00	3,390	695,000				
678-632-37-00	3,166	625,000				
678-632-38-00	3,431	679,000				
678-632-39-00	3,390	679,000				
678-632-40-00	3,431	679,000				
678-632-41-00	3,628	765,000				
678-632-42-00	3,431	700,000	Mar-11	Short	648,000	-7.4%
678-632-43-00	3,166	680,000				
678-632-44-00	3,628	690,000				
678-632-45-00	3,431	720,000				
678-632-46-00	2,968	610,000				
678-632-47-00	3,431	668,418				
678-632-48-00	3,628	709,000				
678-633-01-00	3,390	710,000				
678-633-02-00	3,431	695,000				
678-633-03-00	3,390	679,000				
678-633-04-00	3,166	675,000				
678-633-05-00	3,431	679,000				

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-633-06-00	3,390	705,000				
678-633-07-00	3,237	680,000				
678-633-08-00	3,390	710,000				
678-633-09-00	2,920	613,135				
678-633-10-00	3,390	679,000				
678-633-11-00	2,968	610,000				
678-633-12-00	3,390	679,000				
678-633-13-00	3,237	675,000				
678-633-14-00	3,390	557,365				
678-633-15-00	3,079	675,000				
678-633-16-00	3,390	679,000				
678-633-17-00	3,237	675,000				
678-633-18-00	2,968	690,157				
678-633-19-00	3,390	700,000				
678-633-20-00	3,237	683,495				
678-633-21-00	3,390	679,000				
678-633-22-00	3,237	754,639				
678-633-23-00	3,390	679,000	Jun-11	Standard	738,000	+8.7%
678-633-24-00	2,968	610,000				
678-633-25-00	3,237	680,000				
678-633-26-00	3,608	674,000				
678-633-27-00	3,237	675,000				
678-633-28-00	3,390	679,000				
678-633-29-00	3,237	690,000				
678-633-30-00	3,390	679,000				
678-633-31-00	3,166	639,000				
678-633-32-00	3,628	715,000				
678-633-33-00	3,431	679,000				
678-633-34-00	3,628	680,000				
678-633-35-00	2,968	633,000				
678-633-36-00	3,628	708,000				
678-633-37-00	3,237	725,421				
678-633-38-00	3,166	640,000				
678-633-39-00	3,628	718,676				
678-633-40-00	3,431	690,000	Sep-11	Standard	660,000	-4.3%
678-633-41-00	3,628	709,000				
678-633-42-00	3,431	679,000				
678-633-43-00	3,390	679,000				
678-633-44-00	2,968	675,000				
678-633-45-00	3,237	691,536	Sep-11	Standard	675,000	-2.4%
678-633-46-00	3,628	698,000				
678-633-47-00	3,431	679,000				
678-633-48-00	3,628	693,546				
678-633-49-00	3,431	695,000				
678-633-50-00	3,628	765,000				
678-633-51-00	3,431	679,000				
678-633-52-00	3,390	700,000				
678-633-53-00	3,431	700,000				
678-633-54-00	3,390	700,000				
678-633-55-00	3,166	675,000				
678-633-56-00	3,431	679,000				
678-633-57-00	3,628	676,000				
678-633-58-00	3,166	630,000				

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-633-59-00	3,628	670,430				
678-633-60-00	3,166	630,000				
678-634-01-00	3,166	675,000				
678-634-02-00	3,628	715,000				
678-634-03-00	3,237	680,000				
678-634-04-00	3,166	675,000	Pending	Short	±625,000	-7.4%
678-634-05-00	3,431	679,000				
678-634-06-00	3,628	675,000	Sep-11	Lender	575,000	-14.8%
678-634-07-00	2,968	675,000				
678-634-08-00	3,431	685,001				
678-634-09-00	2,968	695,195				
678-634-10-00	3,628	710,307				
678-634-11-00	3,431	679,000				
678-634-12-00	3,628	720,000				
678-635-01-00	3,431	756,000				
678-635-02-00	2,968	610,000				
678-635-03-00	3,390	698,572				
678-635-04-00	3,166	675,000				
678-635-05-00	3,628	710,000				
678-635-06-00	3,237	675,000				
678-635-07-00	2,968	675,000				
TOTAL		86,569,316			4,617,000	
NO. PARCELS		127			7	
AVERAGE		681,648			659,571	-2.3%
MINIMUM		557,365				-14.8%
MAXIMUM		765,000				+11.8%

MAP OF ROSEMARY LANE



ROSEMARY LANE

PROPERTY DATA

This product type is located at the northwesterly corner of Rancho Bernardo Rd. and Ralphs Ranch Rd., extending north to Camino San Thomas.

This product type is described as Lots 1 through 133 of County of San Diego Tract No. 5229-1, according to Map No. 14747, recorded February 27, 2004. The 133 lots comprise Assessor Parcel Nos. 678-630-01 to 14, 17 to 38 & 41 to 90 and 678-631-01 to 47, and the assessed values range from $550,000 to $866,329.

This product type comprises a total of 133 lots. The minimum lot size is 4,275 s.f., or 45' by 95'.

These lots were developed by John Laing Homes from 2005 through 2007 with 133 homes called Rosemary Lane at 4S Ranch. There are three floor plans and the number and description of each plan is as follows:

> Plan 1 (43): 2,461 s.f., two-story, with 2 bedrooms, master retreat/loft or optional bedroom 3, den or optional bedroom 4, parlor, 3 baths, and 3-car tandem garage.
>
> Plan 2 (47): 2,725 s.f., two-story, with 3 bedrooms, loft or optional bedroom 4, study or optional bedroom 5, breakfast nook, parlor, 4 baths, and 3-car tandem garage with optional enlarged laundry room in tandem portion of garage.
>
> Plan 3 (43): 3,274 s.f., two-story, with 5 bedrooms, kid's retreat, bonus room, breakfast nook, den, 4 baths and 3-car garage; optional suite adds bedroom 6 and bath 5 in place of den and third-car garage.

Per Assessor data, the homes in this product type range in size from 2,455 s.f. to 3,462 s.f. or an average of 2,824 s.f.

ANALYSIS

Per the spreadsheet on the following pages, the following data is indicated:

- Total A.V. for product type: $83,289,461
- Average A.V. for product type: $626,237
- Variance from sale price to A.V.: -20.9% to +17.1%, or avg. of -0.5%

It is noted that of the 6 sales, the 3 standard sales indicate the range of -20.9% to +17.1% and the 3 short sales indicate the range of -0.2% to +5.1%, which is fairly atypical. However, since 3 of the 6 sales were short sales, on average the sale prices would tend to be at least slightly on the conservative side, resulting in the average variance of -0.5% for the product type as also being on the conservative side.

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-630-01-00	2,733	612,000				
678-630-02-00	3,272	675,000				
678-630-03-00	2,455	550,000				
678-630-04-00	3,282	675,000				
678-630-05-00	2,733	585,000				
678-630-06-00	2,455	550,000				
678-630-07-00	2,733	585,000	4/15/2011	Standard	685,000	+17.1%
678-630-08-00	2,455	585,000				
678-630-09-00	2,733	616,000				
678-630-10-00	3,272	777,337				
678-630-11-00	2,455	560,000				
678-630-12-00	2,733	616,000				
678-630-13-00	3,272	675,000				
678-630-14-00	2,455	585,000				
678-630-17-00	2,733	624,000				
678-630-18-00	3,272	680,000				
678-630-19-00	2,455	650,000				
678-630-20-00	2,733	585,000				
678-630-21-00	2,733	585,000				
678-630-22-00	2,455	585,000				
678-630-23-00	3,272	680,000				
678-630-24-00	2,763	590,000				
678-630-25-00	2,455	550,000				
678-630-26-00	3,272	866,329	3/15/2011	Standard	685,000	-20.9%
678-630-27-00	2,733	629,705				
678-630-28-00	2,455	585,000				
678-630-29-00	3,282	724,000				
678-630-30-00	2,733	610,000				
678-630-31-00	2,733	612,000				
678-630-32-00	3,272	703,000	1/11/2012	Standard	647,500	-7.9%
678-630-33-00	2,455	585,000				
678-630-34-00	2,733	612,000				
678-630-35-00	3,272	675,000				
678-630-36-00	2,455	585,000				
678-630-37-00	2,733	585,000	11/3/2011	Short	615,000	+5.1%
678-630-38-00	2,455	594,000				
678-630-41-00	3,272	710,307				
678-630-42-00	2,733	612,000				
678-630-43-00	2,455	585,000				
678-630-44-00	3,282	675,000				
678-630-45-00	2,733	612,000				
678-630-46-00	2,455	598,472				
678-630-47-00	3,282	715,000				
678-630-48-00	2,733	585,000				
678-630-49-00	2,455	620,000				
678-630-50-00	3,272	675,000				
678-630-51-00	2,733	585,000				
678-630-52-00	2,455	550,000				
678-630-53-00	2,763	600,000				
678-630-54-00	2,455	550,000				
678-630-55-00	2,733	612,000				
678-630-56-00	3,282	680,000				
678-630-57-00	2,455	550,000				

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-630-58-00	3,272	680,000				
678-630-59-00	2,763	648,000				
678-630-60-00	2,455	585,000				
678-630-61-00	3,272	675,000				
678-630-62-00	2,733	612,000				
678-630-63-00	2,455	550,000				
678-630-64-00	3,272	675,000				
678-630-65-00	2,763	590,000				
678-630-66-00	3,282	700,000				
678-630-67-00	2,455	550,000	Offer	Short	570,000	+3.6%
678-630-68-00	3,272	675,000				
678-630-69-00	2,763	630,000				
678-630-70-00	2,763	639,781				
678-630-71-00	3,272	675,000				
678-630-72-00	2,733	612,000				
678-630-73-00	2,455	550,000				
678-630-74-00	3,462	730,000				
678-630-75-00	2,733	616,000				
678-630-76-00	2,455	550,000				
678-630-77-00	3,272	675,000				
678-630-78-00	2,455	594,000				
678-630-79-00	2,733	585,000				
678-630-80-00	3,272	675,000				
678-630-81-00	2,455	585,000				
678-630-82-00	2,763	630,000	1/11/2012	Short	629,000	-0.2%
678-630-83-00	3,272	675,000				
678-630-84-00	2,455	636,757				
678-630-85-00	2,733	612,000				
678-630-86-00	3,282	680,000				
678-630-87-00	3,282	675,000				
678-630-88-00	2,455	659,931				
678-630-89-00	2,733	585,000				
678-630-90-00	2,455	630,000				
678-631-01-00	3,282	680,000				
678-631-02-00	2,455	585,000				
678-631-03-00	2,733	690,000				
678-631-04-00	3,272	680,000				
678-631-05-00	2,455	550,000				
678-631-06-00	2,733	620,000				
678-631-07-00	2,455	550,000				
678-631-08-00	2,733	680,000				
678-631-09-00	3,272	680,000				
678-631-10-00	2,733	612,000				
678-631-11-00	2,455	585,000				
678-631-12-00	2,733	585,000				
678-631-13-00	3,282	680,000				
678-631-14-00	2,455	600,000				
678-631-15-00	2,733	585,000				
678-631-16-00	3,272	688,000				
678-631-17-00	2,455	585,000				
678-631-18-00	2,784	590,000				
678-631-19-00	3,272	693,053				
678-631-20-00	2,455	550,000				

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-631-21-00	2,784	590,000				
678-631-22-00	3,452	695,396				
678-631-23-00	2,455	615,000				
678-631-24-00	3,272	675,000				
678-631-25-00	2,733	585,000				
678-631-26-00	2,455	640,000				
678-631-27-00	3,282	675,000				
678-631-28-00	2,733	612,000				
678-631-29-00	2,457	550,000				
678-631-30-00	3,272	675,000				
678-631-31-00	2,733	612,000				
678-631-32-00	3,272	718,674				
678-631-33-00	2,455	644,818				
678-631-34-00	2,733	585,000				
678-631-35-00	3,282	680,000				
678-631-36-00	2,455	585,000				
678-631-37-00	3,272	650,000				
678-631-38-00	2,733	600,000				
678-631-39-00	2,455	550,000				
678-631-40-00	3,272	680,000				
678-631-41-00	2,733	585,000				
678-631-42-00	2,455	650,000				
678-631-43-00	3,272	686,901				
678-631-44-00	2,754	570,000				
678-631-45-00	3,272	680,000				
678-631-46-00	2,733	585,000				
678-631-47-00	2,455	550,000				
TOTAL		83,289,461			3,831,500	
NO. PARCELS		133			6	
AVERAGE		626,237			638,583	-0.5%
MINIMUM		550,000				-20.9%
MAXIMUM		866,329				+17.1%

MAP OF SILHOUETTE

SILHOUETTE

PROPERTY DATA

Location

This product type is located on the northerly side of Paseo de Linda, extending from Albert Ave. at the west to 4S Ranch Parkway at the east.

This product type is described as Lots 409 through 504 of County of San Diego Tract No. 5229-2 according to Map No. 14966, recorded February 15, 2005. The 96 lots comprise Assessor Parcel Nos. 678-640-01 to 47 and 678-641-01 to 49, and the assessed values range from $176,317 to $787,797.

This product type comprises a total of 96 lots. The minimum lot size is ±4,200 s.f., or ±42' by 100'.

John Laing Homes built 68 of the homes in 2006 through 2008 and EJL Homes built the remaining 28 homes in 2009 through 2011 with a product type called Silhouette at 4S Ranch. There floor plans are described as follows:

> Plan 1 (25): 2,559 s.f. (up to 2,691 s.f.), two-story, with up to 4 bedrooms and up to 3½ baths, and a 3-bay tandem garage; with optional craft room in place of 3rd garage.
>
> Plan 2 (36): 3,070 s.f. (up to 3,213 s.f.), two-story, with 4 or up to 5 bedrooms and 3½ or up to 4½ baths, and a 3-bay garage; with optional bedroom, den or crafts room in place of 3rd garage.
>
> Plan 3 (35): 3,185 s.f. (up to 3,358 s.f.), two-story, with 4 or up to 5 bedrooms and 3½ or up to 4 baths, and a 3-bay garage; with optional bedroom or den in place of 3rd garage.

Per building permit data, the homes in this product type range in size from 2,559 s.f. to 3,358 s.f. or an average of 2,984 s.f.

ANALYSIS

Per the spreadsheet on the following pages, the following data is indicated:

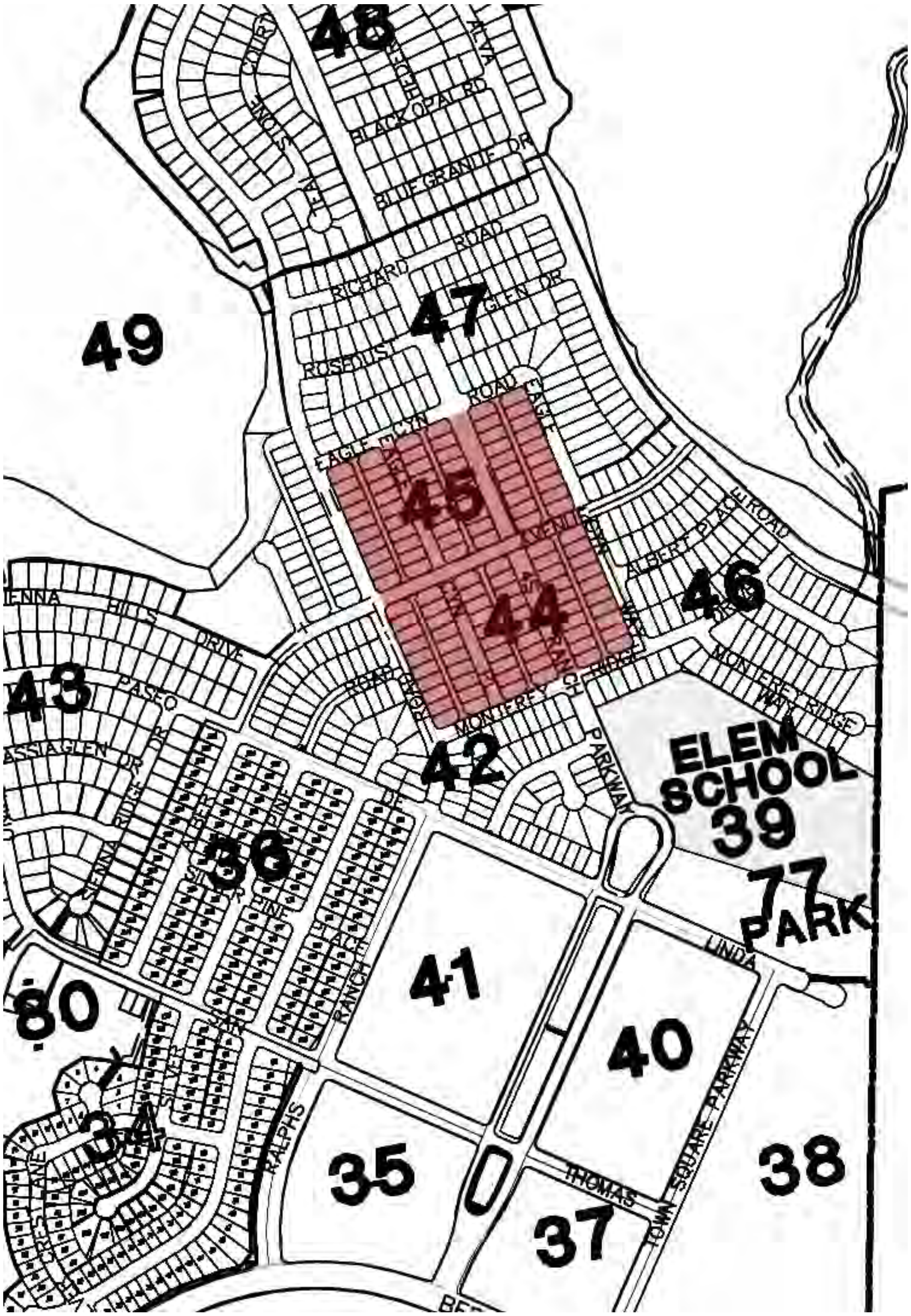
- Total A.V. for product type: $52,660,571
- Average A.V. for product type: $548,548
- Variance from sale price to A.V.: -12.0% to +295.6%, or avg. of +186.2%

It is noted that of the 25 sales, the 20 builder sales indicate the range of +1.4% to +295.6%, and the 5 resales indicate the range of -12.0% to +5.7%. Thus, since most the A.V's for the builder sales were low, reflecting only vacant lots or homes under construction, the resulting average variance of +186.2% is abnormally high. However, since 3 of the 5 resales were short or lender sales, the average variance from those sales of -4.1% is well on the conservative side.

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-640-01-00	3,070	680,000	May-11	Standard	677,500	-0.4%
678-640-02-00	3,192	690,000				
678-640-03-00	3,070	680,000				
678-640-04-00	3,192	177,739				
678-640-05-00	2,559	645,000				
678-640-06-00	3,070	680,000				
678-640-07-00	2,559	645,000				
678-640-08-00	3,192	653,340				
678-640-09-00	2,559	640,000				
678-640-10-00	3,358	665,000				
678-640-11-00	2,559	762,657				
678-640-12-00	3,192	690,000				
678-640-13-00	3,070	680,000				
678-640-14-00	3,192	690,000				
678-640-15-00	3,070	639,000				
678-640-16-00	3,192	653,341				
678-640-17-00	3,213	690,000				
678-640-18-00	3,192	675,000	Feb-12	Lender	650,500	-3.6%
678-640-19-00	3,070	680,000				
678-640-20-00	3,192	676,000	Pending	Short	595,000	-12.0%
678-640-21-00	2,559	645,000				
678-640-22-00	3,192	690,000				
678-640-23-00	3,070	690,000				
678-640-24-00	3,192	690,000				
678-640-25-00	3,070	697,165				
678-640-26-00	3,192	689,000				
678-640-27-00	3,192	690,000				
678-640-28-00	3,192	690,000				
678-640-29-00	3,070	680,000				
678-640-30-00	3,192	690,000				
678-640-31-00	3,070	653,341				
678-640-32-00	3,192	690,000				
678-640-33-00	2,559	782,597				
678-640-34-00	3,070	675,000				
678-640-35-00	3,192	683,494				
678-640-36-00	3,070	690,000	Pending	Short	620,000	-10.1%
678-640-37-00	2,559	655,000				
678-640-38-00	3,070	700,000				
678-640-39-00	2,564	640,000				
678-640-40-00	3,070	787,797				
678-640-41-00	3,194	690,000	May-11	Builder	700,000	+1.4%
678-640-42-00	3,070	680,000				
678-640-43-00	3,192	690,000	Jul-11	Standard	729,000	+5.7%
678-640-44-00	2,562	645,000				
678-640-45-00	3,192	700,000				
678-640-46-00	3,070	678,419				
678-640-47-00	2,559	667,565				
678-641-01-00	2,559	636,180				
678-641-02-00	3,070	650,000				
678-641-03-00	2,559	628,757				
678-641-04-00	3,070	650,000				
678-641-05-00	2,559	634,622				
678-641-06-00	3,070	654,000				

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-641-07-00	3,192	681,000				
678-641-08-00	3,192	664,000				
678-641-09-00	3,070	648,000				
678-641-10-00	2,559	614,471				
678-641-11-00	3,070	662,833				
678-641-12-00	3,070	684,088				
678-641-13-00	2,559	634,622				
678-641-14-00	3,070	672,908				
678-641-15-00	2,559	619,218				
678-641-16-00	3,192	716,899				
678-641-17-00	3,070	672,908				
678-641-18-00	3,192	685,119				
678-641-19-00	3,070	573,317	Apr-11	Builder	669,000	+16.7%
678-641-20-00	3,192	579,317				
678-641-21-00	3,070	176,317	Sep-11	Builder	697,500	+295.6%
678-641-22-00	2,564	181,355	Sep-11	Builder	637,500	+251.5%
678-641-23-00	3,185	186,393	Oct-11	Builder	680,000	+264.8%
678-641-24-00	3,194	186,393	Jan-12	Builder	690,000	+270.2%
678-641-25-00	3,070	181,355	Sep-11	Builder	659,000	+263.4%
678-641-26-00	3,194	176,317				
678-641-27-00	3,070	176,317	Sep-11	Builder	650,000	+268.7%
678-641-28-00	2,559	176,317	Dec-11	Builder	623,500	+253.6%
678-641-29-00	2,564	176,317	Dec-11	Builder	639,500	+262.7%
678-641-30-00	3,070	176,317	Dec-11	Builder	669,000	+279.4%
678-641-31-00	3,070	176,317				
678-641-32-00	3,194	176,317				
678-641-33-00	3,070	176,317				
678-641-34-00	3,192	176,317				
678-641-35-00	2,564	660,000				
678-641-36-00	3,020	680,000				
678-641-37-00	3,185	734,000				
678-641-38-00	3,185	176,317	Sep-11	Builder	672,500	+281.4%
678-641-39-00	3,070	186,393	Sep-11	Builder	645,000	+246.0%
678-641-40-00	2,559	186,393	Sep-11	Builder	652,000	+249.8%
678-641-41-00	2,562	620,000				
678-641-42-00	2,564	196,468	Jun-11	Builder	617,000	+214.0%
678-641-43-00	2,559	196,468	Jun-11	Builder	651,000	+231.4%
678-641-44-00	3,185	201,506	Jun-11	Builder	700,000	+247.4%
678-641-45-00	3,070	201,506	Jun-11	Builder	736,500	+265.5%
678-641-46-00	3,192	196,468	Jun-11	Builder	699,000	+255.8%
678-641-47-00	2,562	181,355	Jun-11	Builder	645,000	+255.7%
678-641-48-00	3,194	579,317				
678-641-49-00	3,070	652,000				
TOTAL		52,660,571			16,605,000	
NO. PARCELS		96			25	
AVERAGE		548,548			664,200	+186.2%
MINIMUM		176,317				-12.0%
MAXIMUM		787,797				+295.6%

MAP OF MAYBECK



MAYBECK

PROPERTY DATA

This product type is located at the northeast corner of Ralphs Ranch Rd. and Monterey Ridge Dr., extending east to Eagle Canyon Way and north to Eagle Canyon Rd.

This product type is described as Lots 606 through 665 of County of San Diego Tract No. 5229-2 and Lots 695 to 754 of County of San Diego Tract No. 5229-3, according to Map No. 14966 recorded February 15, 2005. The 120 lots comprise Assessor Parcel Nos. 678-640-48 to 67, 678-644-01 to 40, 678-660-23 to 62 and 678-661-01 to 20, and the assessed values range from $188,164 to $851,352.

This product type comprises a total of 120 lots. The minimum lot size is ±5,150 s.f., or ±50' by 103'.

These lots were developed by William Lyon Homes from 2006 through the first half of 2010 with 120 homes called Maybeck at 4S Ranch. The number and description of the four floor plans are as follows:

Plan 1 (27): 2,797 s.f. (Plan 1X at 3,172 s.f.), two-story, with 3 to 4 bedrooms, den, loft, 2½ baths, and oversized 2-car garage; Plan 1X includes guest suite.

Plan 2 (26): 3,180 s.f. (Plan 2X at 3,438 s.f.), two-story, with 3 to 4 bedrooms, loft, 3½ baths, and oversized 2-car garage; Plan 2X includes guest suite.

Plan 3 (32): 3,252 to 3,700 s.f., two-story, 4 to 5 bedrooms, up to 5½ baths, and 3-car garage.

Plan 4 (35): 3,481 to 3,525 s.f., two-story, with 4 to 5 bedrooms, playroom, 4½ baths, and 2 or 3-car garage.

Per Assessor data, the homes in this product type range in size from 2,797 s.f. to 3,525 s.f. or an average of 3,203 s.f.

ANALYSIS

Per the spreadsheet on the following pages, the following data is indicated:

- Total A.V. for product type: $81,435,182
- Average A.V. for product type: $678,627
- Variance from sale price to A.V.: -10.0% to +3.7%, or avg. of -0.8%

It is noted that of the 4 sales, the 2 standard sales indicate +3.0% and +3.7%, the short sale indicates -10.0% and the lender sale indicates 0.0% or no change from A.V. Thus, since 2 of the 4 sales were short or lender sales, the average of the sale prices and also the indicated average variance of -0.8% would tend to be well on the conservative side.

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-640-48-00	2,797	632,000				
678-640-49-00	3,252	710,000				
678-640-50-00	2,797	631,000				
678-640-51-00	3,481	661,000				
678-640-52-00	3,180	723,395				
678-640-53-00	2,797	631,000				
678-640-54-00	3,252	687,000				
678-640-55-00	3,481	661,000				
678-640-56-00	2,797	675,044	May-11	Standard	695,000	+3.0%
678-640-57-00	3,180	690,000				
678-640-58-00	3,481	680,000	Jan-11	Standard	705,000	+3.7%
678-640-59-00	3,180	690,000				
678-640-60-00	3,252	710,000				
678-640-61-00	2,797	627,000				
678-640-62-00	3,258	188,164				
678-640-63-00	3,481	680,000				
678-640-64-00	2,797	612,000				
678-640-65-00	3,252	700,000				
678-640-66-00	3,481	690,000				
678-640-67-00	3,180	690,000				
678-644-01-00	2,797	638,000				
678-644-02-00	3,180	690,000				
678-644-03-00	3,258	710,000				
678-644-04-00	3,481	680,000				
678-644-05-00	3,180	705,397				
678-644-06-00	2,797	686,912				
678-644-07-00	3,267	665,000				
678-644-08-00	3,481	680,000				
678-644-09-00	3,252	755,646				
678-644-10-00	3,180	650,000				
678-644-11-00	3,525	685,000				
678-644-12-00	2,797	692,253				
678-644-13-00	3,180	690,000				
678-644-14-00	3,252	710,000	Dec-11	Short	639,000	-10.0%
678-644-15-00	3,481	681,785				
678-644-16-00	2,797	637,000				
678-644-17-00	3,481	680,000				
678-644-18-00	3,267	765,722				
678-644-19-00	2,797	743,000				
678-644-20-00	3,525	689,000				
678-644-21-00	3,180	780,835				
678-644-22-00	3,481	836,239				
678-644-23-00	3,252	851,352				
678-644-24-00	2,797	740,534				
678-644-25-00	3,180	729,990				
678-644-26-00	3,258	719,172				
678-644-27-00	2,797	660,058				
678-644-28-00	3,481	685,505				
678-644-29-00	3,252	685,000	Jan-11	Lender	685,000	0.0%
678-644-30-00	3,180	628,212				
678-644-31-00	3,252	650,000				
678-644-32-00	3,481	680,000				

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-644-33-00	3,180	690,000				
678-644-34-00	2,797	627,680				
678-644-35-00	3,481	691,788				
678-644-36-00	2,797	627,680				
678-644-37-00	3,258	662,943				
678-644-38-00	3,481	673,019				
678-644-39-00	3,258	712,324				
678-644-40-00	3,481	688,628				
678-660-23-00	3,180	652,508				
678-660-24-00	3,481	688,829				
678-660-25-00	3,258	639,771				
678-660-26-00	2,797	615,252				
678-660-27-00	3,481	713,225				
678-660-28-00	3,258	644,479				
678-660-29-00	2,797	617,605				
678-660-30-00	3,258	731,394				
678-660-31-00	3,180	681,910				
678-660-32-00	3,481	675,044				
678-660-33-00	3,180	694,846				
678-660-34-00	3,252	698,980				
678-660-35-00	3,481	686,191				
678-660-36-00	2,797	650,205				
678-660-37-00	3,252	647,448				
678-660-38-00	3,180	660,419				
678-660-39-00	3,481	654,883				
678-660-40-00	3,180	658,752				
678-660-41-00	3,258	661,987				
678-660-42-00	3,481	690,114				
678-660-43-00	3,180	657,000				
678-660-44-00	2,797	614,762				
678-660-45-00	3,258	721,740				
678-660-46-00	3,481	708,292				
678-660-47-00	2,797	610,184				
678-660-48-00	3,481	700,928				
678-660-49-00	3,258	693,353				
678-660-50-00	3,180	635,997				
678-660-51-00	2,797	624,980				
678-660-52-00	3,481	711,512				
678-660-53-00	3,180	652,955				
678-660-54-00	2,797	626,574				
678-660-55-00	3,481	662,587				
678-660-56-00	3,258	825,260				
678-660-57-00	2,797	660,902				
678-660-58-00	3,180	678,203				
678-660-59-00	3,481	660,260				
678-660-60-00	2,797	682,539				
678-660-61-00	3,258	639,740				
678-660-62-00	3,481	670,600				
678-661-01-00	3,180	659,511				
678-661-02-00	3,258	649,933				
678-661-03-00	3,481	652,927				
678-661-04-00	3,258	700,000				
678-661-05-00	2,797	675,031				

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-661-06-00	3,481	659,617				
678-661-07-00	2,797	649,598				
678-661-08-00	3,180	628,212				
678-661-09-00	3,481	671,270				
678-661-10-00	3,258	684,000				
678-661-11-00	3,180	666,414				
678-661-12-00	3,258	706,000				
678-661-13-00	3,481	689,000				
678-661-14-00	2,797	688,194				
678-661-15-00	3,252	726,287				
678-661-16-00	3,180	694,820				
678-661-17-00	3,481	689,000				
678-661-18-00	3,258	810,072				
678-661-19-00	3,180	744,160				
678-661-20-00	3,481	764,649				
TOTAL		81,435,182			2,724,000	
NO. PARCELS		120			4	
AVERAGE		678,627			681,000	-0.8%
MINIMUM		188,164				-10.0%
MAXIMUM		851,352				+3.7%

MAP OF GARDEN WALK

GARDEN WALK

PROPERTY DATA

This product type is located in the area bounded by Paseo de Linda at the north, Ralphs Ranch Rd. at the west, 4S Ranch Parkway at the east, and Camino San Thomas along the southerly side.

This product type is described as Units 1 through 136 as shown and described in the First Amendment to Garden Walk at 4S Ranch Condominium Plan encumbering Lot 1 of County of San Diego Tract No. 5327-1, according to Map No. 14949; however, Unit 113 has prepaid the special taxes and is not included in this analysis. The 135 lots in this analysis comprise Assessor Parcel Nos. 678-638-07-01 to 46, 678-638-08-01 to 54 and 678-638-09-01 to 12 & 14 to 36, and the assessed values range from $450,000 to $604,517.

This product type comprises a total of 136 lots in a condominium plan. The overall density is 136 units on 14.4 acres or 9.4 units per acre. The minimum lot size is indicated to be ±3,000 s.f., with a typical range of 3,000 s.f. to 4,000 s.f.

These lots were developed by Sea Country Homes in 2005 through early 2007 with 136 homes called Garden Walk at 4S Ranch. There are three floor plans and the number and the description of each plan is as follows:

Plan 1 (41): 1,888 s.f., two-story, with 3 bedrooms, den, 2½ baths and 2-car garage with options of bedroom 4 and bath 3.

Plan 2 (50): 2,117 s.f., two-story, with 3 bedrooms, loft, flex space, 3 baths and 2-car garage with options of master retreat, bedrooms 4 and 5, and bath 4.

Plan 3 (45): 2,317 s.f., two-story, with 4 bedrooms, breakfast nook, 3 baths and 2-car garage with options of flex space at bedrooms 2 and 4.

Per Assessor data, the homes in this product type range in size from 1,908 s.f. to 2,334 s.f. or an average of 2,126 s.f. (for the 135 homes included in this analysis).

ANALYSIS

Per the spreadsheet on the following pages, the following data is indicated:

- Total A.V. for 135 parcels: $70,205,839
- Average A.V. for 135 parcels: $520,043
- Variance from sale price to A.V.: -6.0% to +16.7%, or avg. of +0.7%

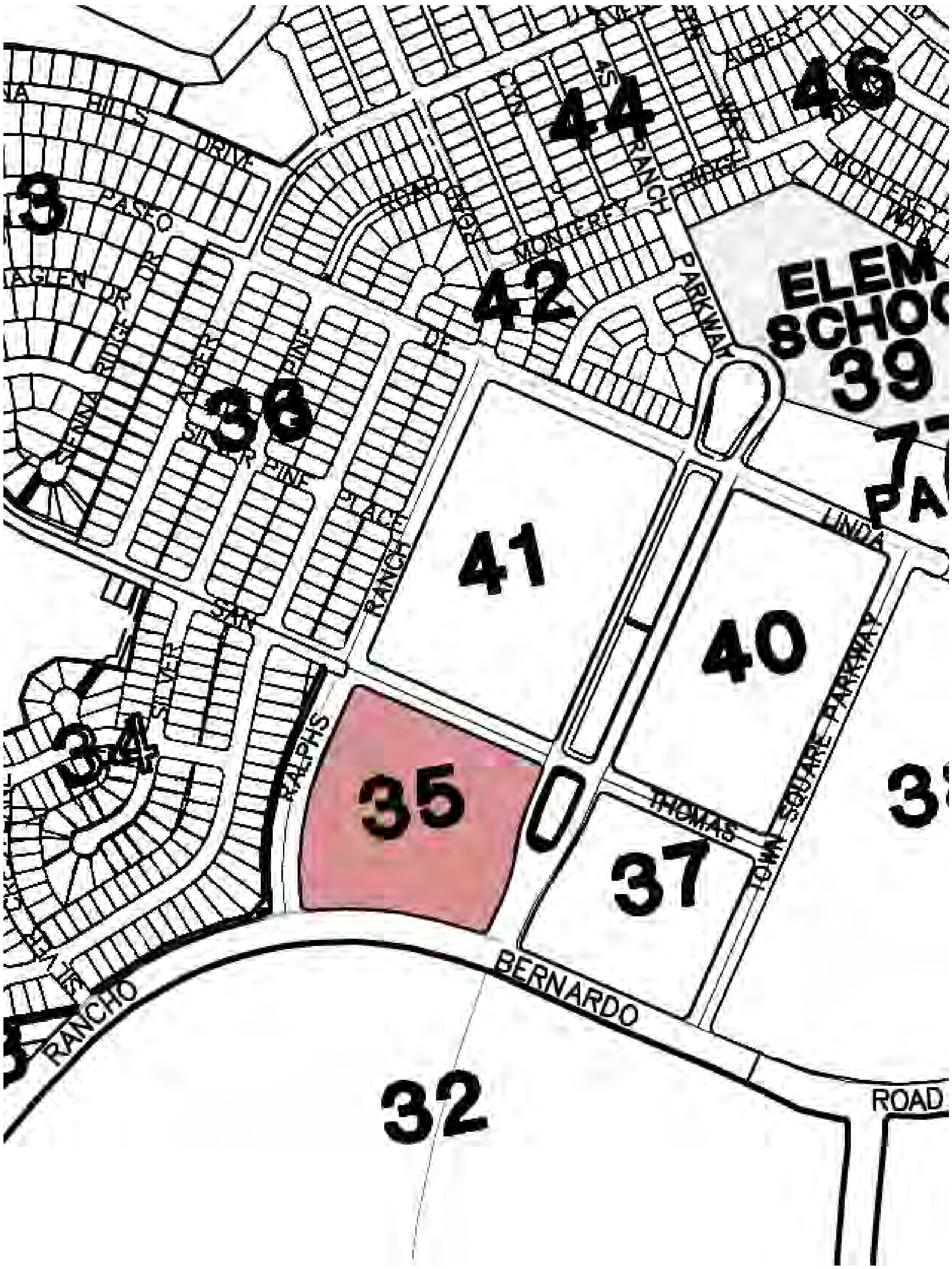
It is noted that of the 12 sales, the 6 standard sales indicate the range of -0.2% to +16.7%, the 4 short sales indicate -1.0% to -2.3% and the 2 lender sales indicate -2.3% & -6.0%. Thus, since 6 of the 12 sales were short or lender sales, the average variance of +0.7% for this product type is well on the conservative side.

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-638-07-01	2,112	522,000	Aug-11	Standard	527,000	+1.0%
678-638-07-02	2,334	540,000				
678-638-07-03	1,908	500,000				
678-638-07-04	1,908	500,000				
678-638-07-05	2,112	515,000				
678-638-07-06	2,334	525,000				
678-638-07-07	2,112	522,000				
678-638-07-08	2,334	540,000				
678-638-07-09	1,908	517,000	Sep-11	Short	505,000	-2.3%
678-638-07-10	2,112	522,000				
678-638-07-11	2,334	525,000				
678-638-07-12	1,908	517,000				
678-638-07-13	2,112	515,000				
678-638-07-14	2,334	525,000				
678-638-07-15	1,908	500,000				
678-638-07-16	2,112	522,000				
678-638-07-17	2,334	540,000				
678-638-07-18	1,908	517,000				
678-638-07-19	2,112	522,000				
678-638-07-20	2,334	540,000				
678-638-07-21	1,908	500,000				
678-638-07-22	2,112	515,000				
678-638-07-23	2,334	540,000				
678-638-07-24	1,908	500,000				
678-638-07-25	1,908	517,000				
678-638-07-26	2,334	540,000				
678-638-07-27	2,112	515,000				
678-638-07-28	1,908	517,000				
678-638-07-29	2,334	525,000				
678-638-07-30	2,112	522,000				
678-638-07-31	1,908	500,000				
678-638-07-32	2,334	525,000				
678-638-07-33	2,112	515,000				
678-638-07-34	1,908	500,000				
678-638-07-35	2,334	525,000				
678-638-07-36	2,112	522,000	Sep-11	Lender	510,000	-2.3%
678-638-07-37	1,908	500,000				
678-638-07-38	2,112	515,000				
678-638-07-39	2,334	532,747				
678-638-07-40	1,908	517,000				
678-638-07-41	2,112	522,000				
678-638-07-42	2,334	540,000	Nov-11	Short	528,000	-2.2%
678-638-07-43	1,908	517,000				
678-638-07-44	2,112	522,000				
678-638-07-45	2,334	540,000				
678-638-07-46	1,908	518,000				
678-638-08-01	1,908	502,569				
678-638-08-02	2,334	525,000				
678-638-08-03	2,112	515,000				
678-638-08-04	1,908	500,000				
678-638-08-05	2,112	492,518				
678-638-08-06	2,334	525,000				

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-638-08-07	1,908	517,000				
678-638-08-08	2,112	522,000				
678-638-08-09	2,334	525,000				
678-638-08-10	1,908	517,000				
678-638-08-11	2,334	540,000				
678-638-08-12	2,112	500,000	Apr-11	Standard	520,000	+4.0%
678-638-08-13	1,908	495,000	Jan-11	Standard	495,000	0.0%
678-638-08-14	2,334	522,672				
678-638-08-15	2,112	515,000				
678-638-08-16	1,908	500,000	Feb-12	Lender	470,000	-6.0%
678-638-08-17	2,334	525,000				
678-638-08-18	2,112	515,000				
678-638-08-19	1,908	500,000				
678-638-08-20	2,334	525,000				
678-638-08-21	2,112	522,000				
678-638-08-22	1,908	500,000				
678-638-08-23	2,334	540,000				
678-638-08-24	2,112	515,000				
678-638-08-25	1,908	517,000				
678-638-08-26	2,334	525,000				
678-638-08-27	2,112	515,000				
678-638-08-28	1,908	500,000				
678-638-08-29	2,112	522,000				
678-638-08-30	1,908	500,000				
678-638-08-31	2,112	522,000				
678-638-08-32	2,334	525,000				
678-638-08-33	2,112	554,000				
678-638-08-34	2,334	604,517				
678-638-08-35	1,908	500,000				
678-638-08-36	2,112	522,000				
678-638-08-37	2,334	525,000				
678-638-08-38	1,908	517,000				
678-638-08-39	2,112	542,500				
678-638-08-40	2,334	569,253				
678-638-08-41	1,908	517,000				
678-638-08-42	2,112	522,000				
678-638-08-43	2,334	540,000				
678-638-08-44	1,908	500,000				
678-638-08-45	2,112	522,000				
678-638-08-46	1,908	500,000				
678-638-08-47	2,334	540,000				
678-638-08-48	2,112	515,000				
678-638-08-49	1,908	517,000				
678-638-08-50	2,334	525,000				
678-638-08-51	2,112	515,000				
678-638-08-52	1,908	500,000				
678-638-08-53	2,334	540,000	Oct-11	Standard	539,000	-0.2%
678-638-08-54	2,112	569,253				
678-638-09-01	2,112	515,000				
678-638-09-02	2,334	511,616				
678-638-09-03	2,112	510,610				
678-638-09-04	2,334	540,000				
678-638-09-05	2,112	515,000				

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-638-09-06	2,334	525,000				
678-638-09-07	1,908	500,000				
678-638-09-08	2,112	515,000				
678-638-09-09	2,334	540,000				
678-638-09-10	1,908	500,000				
678-638-09-11	2,112	522,000				
678-638-09-12	2,334	525,000				
678-638-09-14	2,112	522,000				
678-638-09-15	2,334	540,000				
678-638-09-16	1,908	450,000	Pending	Standard	525,000	+16.7%
678-638-09-17	2,112	522,000				
678-638-09-18	2,334	525,000	Nov-11	Standard	539,000	+2.7%
678-638-09-19	2,112	507,594				
678-638-09-20	1,908	500,000				
678-638-09-21	2,112	522,000				
678-638-09-22	2,334	525,000				
678-638-09-23	2,112	522,000	Jul-11	Short	510,000	-2.3%
678-638-09-24	2,334	540,000				
678-638-09-25	2,112	522,000				
678-638-09-26	2,334	525,000				
678-638-09-27	2,112	522,000				
678-638-09-28	1,908	500,000				
678-638-09-29	2,112	522,000				
678-638-09-30	2,334	525,000				
678-638-09-31	2,112	533,990				
678-638-09-32	2,334	540,000				
678-638-09-33	2,112	515,000	Dec-11	Short	510,000	-1.0%
678-638-09-34	2,334	540,000				
678-638-09-35	2,112	500,000				
678-638-09-36	1,908	500,000				
TOTAL		70,205,839			6,178,000	
NO. PARCELS		135			12	
AVERAGE		520,043			514,833	+0.7%
MINIMUM		450,000				-6.0%
MAXIMUM		604,517				+16.7%

MAP OF BRIDGEPORT



BRIDGEPORT

PROPERTY DATA

This product type is located at the northwest corner of 4S Ranch Parkway and Rancho Bernardo Rd., extending north to Camino San Thomas and west to Ralphs Ranch Rd.

The overall site for this product type comprises Lot 1 of County of San Diego Tract No. 5333-1, according to Map No. 15004 recorded April 26, 2005, and the individual homes are described as various Unit Nos. within Modules A through F and Bridgeport at 4S Ranch Phases I through V. The 218 units comprise Assessor Parcel Nos. 678-637-12-01 to 40, 678-637-13-01 to 29, 678-637-14-01 to 40, 678-637-15-01 to 29, 678-637-16-01 to 40 and 678-637-17-01 to 40, and the assessed values range from $62,359 to $397,030.

This product type comprises a total of 218 attached residential units on a 9.41 acre site, indicating a density of 23.2 units per acre.

From 2005 through 2007 Lennar Homes built the 218 attached townhomes called Bridgeport at 4S Ranch. The floor plans are as follows:

Plan 1: 959 to 988 s.f., two-story, with 1 bedroom, loft, 1½ baths, and 1- or 2-car garage.

Plan 2: 1,054 to 1,059 s.f., two-story, with 2 bedrooms, 2 baths and 1- or 2-car garage.

Plan 3: 1,439 to 1,457 s.f., two-story, with 2 bedrooms, 2½ baths and 1- or 2-car garage.

Plan 4: 1,416 to 1,430 s.f., two-story, with 3 bedrooms, 3 baths and 2-car tandem garage.

Plan 5: 1,423 s.f., two-story, with 3 bedrooms, 3 baths and 2-car attached garage.

Plan 6: 1,436 s.f., three-story, with 3 bedrooms, 3½ baths and 2-car attached garage.

Per Assessor data, the homes in this product type range in size from 965 s.f. to 1,460 s.f. or an average of 1,282 s.f.

ANALYSIS

Per the spreadsheet on the following pages, the following data is indicated:

- Total A.V. for product type: $70,078,341
- Average A.V. for product type: $321,460
- Variance from sale price to A.V.: -31.3% to +0.2%, or avg. of -8.3%

It is noted that of the 20 sales, the 10 standard sales indicate the range of -12.8% to 0.0%, the 7 short sales indicate -31.3% to -7.7% and the 3 lender sales indicate -21.5% to +0.2%. Thus, since 10 of the 20 sales were short or lender sales, the average variance of -8.3% for this product type is well on the conservative side.

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-637-12-01	1,420	350,000				
678-637-12-02	965	236,769				
678-637-12-03	1,455	360,000				
678-637-12-04	965	233,000				
678-637-12-05	1,445	332,000				
678-637-12-06	1,068	295,000				
678-637-12-07	1,068	295,000				
678-637-12-08	1,460	378,000				
678-637-12-09	1,450	360,000				
678-637-12-10	1,460	378,000				
678-637-12-11	1,450	387,899				
678-637-12-12	1,450	371,801				
678-637-12-13	1,460	378,000				
678-637-12-14	1,068	295,000				
678-637-12-15	1,068	300,395				
678-637-12-16	1,445	332,000				
678-637-12-17	965	233,000				
678-637-12-18	1,455	373,000				
678-637-12-19	965	240,000				
678-637-12-20	1,420	369,000				
678-637-12-21	1,420	347,597				
678-637-12-22	965	240,000				
678-637-12-23	1,455	350,631				
678-637-12-24	965	233,000	Pending	Lender	183,000	-21.5%
678-637-12-25	1,445	332,000				
678-637-12-26	1,068	297,000				
678-637-12-27	1,068	297,000				
678-637-12-28	1,460	378,000				
678-637-12-29	1,450	369,000				
678-637-12-30	1,460	359,000				
678-637-12-31	1,450	301,541				
678-637-12-32	1,450	360,000				
678-637-12-33	1,460	378,000	Mar-12	Standard	355,000	-6.1%
678-637-12-34	1,068	297,000				
678-637-12-35	1,068	297,000	Jul-11	Standard	259,000	-12.8%
678-637-12-36	1,445	332,000	Aug-11	Standard	327,000	-1.5%
678-637-12-37	965	233,000				
678-637-12-38	1,455	360,000				
678-637-12-39	965	240,000				
678-637-12-40	1,420	352,634				
678-637-13-01	1,460	378,000				
678-637-13-02	1,450	360,000				
678-637-13-03	1,452	360,000				
678-637-13-04	1,460	370,000				
678-637-13-05	1,450	360,000				
678-637-13-06	1,460	378,000				
678-637-13-07	1,068	305,059				
678-637-13-08	1,068	295,000				
678-637-13-09	1,445	336,000				
678-637-13-10	965	233,000				
678-637-13-11	1,455	360,000				
678-637-13-12	965	247,000				
678-637-13-13	1,420	369,000				

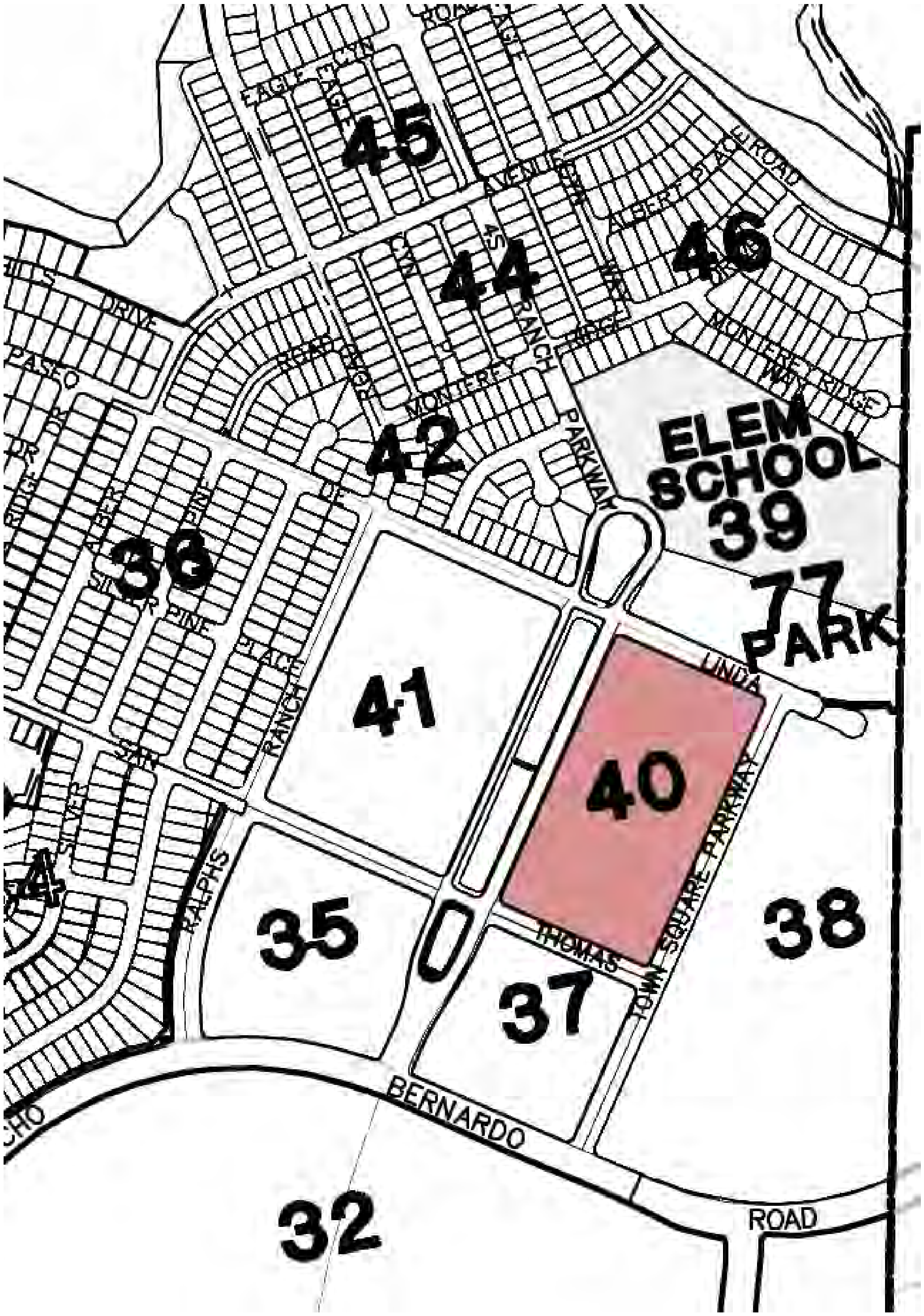
APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-637-13-14	1,420	346,771				
678-637-13-15	965	247,000				
678-637-13-14	1,420	346,771				
678-637-13-15	965	247,000				
678-637-13-16	1,068	295,000	Jan-12	Short	243,000	-17.6%
678-637-13-17	1,460	378,000				
678-637-13-18	1,450	360,000				
678-637-13-19	1,450	360,000				
678-637-13-20	1,460	372,786				
678-637-13-21	1,450	360,000				
678-637-13-22	1,460	387,898				
678-637-13-23	1,068	295,000				
678-637-13-24	1,068	301,251				
678-637-13-25	1,445	360,000				
678-637-13-26	965	233,000				
678-637-13-27	1,455	350,000				
678-637-13-28	965	233,000	Feb-12	Short	206,000	-11.6%
678-637-13-29	1,445	336,000				
678-637-14-01	1,420	372,785				
678-637-14-02	967	233,000				
678-637-14-03	965	233,000				
678-637-14-04	1,455	382,860				
678-637-14-05	1,445	342,000	Jun-11	Standard	335,000	-2.0%
678-637-14-06	1,068	295,000				
678-637-14-07	1,068	295,000				
678-637-14-08	1,460	370,000				
678-637-14-09	1,450	330,000				
678-637-14-10	1,450	369,000				
678-637-14-11	1,460	370,033				
678-637-14-12	1,450	360,000				
678-637-14-13	1,460	376,463				
678-637-14-14	1,068	281,438				
678-637-14-15	1,068	295,000				
678-637-14-16	1,445	342,000				
678-637-14-17	965	239,000				
678-637-14-18	1,455	360,000				
678-637-14-19	965	292,808				
678-637-14-20	1,420	360,695				
678-637-14-21	1,420	350,000				
678-637-14-22	965	220,000				
678-637-14-23	1,455	360,000				
678-637-14-24	965	233,000				
678-637-14-25	1,445	342,000				
678-637-14-26	1,068	295,000				
678-637-14-27	1,068	314,349				
678-637-14-28	1,460	370,000				
678-637-14-29	1,450	360,000				
678-637-14-30	1,460	362,710				
678-637-14-31	1,450	360,000				
678-637-14-32	1,450	360,000				
678-637-14-33	1,460	370,000				
678-637-14-34	1,068	295,000				
678-637-14-35	1,068	295,000				

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-637-14-36	1,445	342,000				
678-637-14-37	965	233,000				
678-637-14-38	1,455	342,559				
678-637-14-39	965	218,000				
678-637-14-40	1,420	372,786				
678-637-15-01	1,460	378,000				
678-637-15-02	1,450	360,000				
678-637-15-03	1,450	360,000	Mar-11	Standard	360,000	0.0%
678-637-15-04	1,460	378,000				
678-637-15-05	1,450	371,902				
678-637-15-06	1,460	367,747				
678-637-15-07	1,068	295,408				
678-637-15-08	1,068	315,613				
678-637-15-09	1,445	351,798				
678-637-15-10	965	291,489				
678-637-15-11	1,455	379,339				
678-637-15-12	965	231,181				
678-637-15-13	1,420	350,000				
678-637-15-14	1,445	338,000				
678-637-15-15	1,068	317,371				
678-637-15-16	1,068	168,398				
678-637-15-17	1,460	378,000				
678-637-15-18	1,450	360,000	May-11	Lender	360,000	0.0%
678-637-15-19	1,450	369,000	Oct-11	Standard	360,000	-2.4%
678-637-15-20	1,460	378,000				
678-637-15-21	1,450	369,000				
678-637-15-22	1,460	378,000				
678-637-15-23	1,068	295,000				
678-637-15-24	1,068	297,000				
678-637-15-25	1,445	338,000				
678-637-15-26	965	233,000				
678-637-15-27	1,455	373,000				
678-637-15-28	965	240,000				
678-637-15-29	1,420	355,000				
678-637-16-01	1,420	369,000				
678-637-16-02	965	240,000				
678-637-16-03	1,455	360,000				
678-637-16-04	965	226,156				
678-637-16-05	1,445	333,000				
678-637-16-06	1,068	297,000				
678-637-16-07	1,068	295,000				
678-637-16-08	1,460	378,000				
678-637-16-09	1,450	360,000				
678-637-16-10	1,460	378,000				
678-637-16-11	1,450	360,000				
678-637-16-12	1,450	343,000				
678-637-16-13	1,460	378,000				
678-637-16-14	1,068	287,145				
678-637-16-15	1,068	295,000	Apr-11	Short	249,000	-15.6%
678-637-16-16	1,445	312,333				
678-637-16-17	965	221,655				
678-637-16-18	1,455	360,000				
678-637-16-19	965	240,000				

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-637-16-20	1,420	369,000				
678-637-16-21	1,420	330,000				
678-637-16-22	965	240,000	Mar-12	Short	165,000	-31.3%
678-637-16-23	1,455	360,000	May-11	Standard	360,000	0.0%
678-637-16-24	965	233,000	Jul-11	Short	215,000	-7.7%
678-637-16-25	1,445	333,000				
678-637-16-26	1,068	198,749				
678-637-16-27	1,068	295,000	Aug-11	Short	246,000	-16.6%
678-637-16-28	1,460	378,000				
678-637-16-29	1,450	360,000				
678-637-16-30	1,460	370,000				
678-637-16-31	1,450	362,710				
678-637-16-32	1,450	364,725				
678-637-16-33	1,460	378,000				
678-637-16-34	1,068	62,359				
678-637-16-35	1,068	295,000				
678-637-16-36	1,445	337,000				
678-637-16-37	965	209,100	Feb-11	Lender	209,500	+0.2%
678-637-16-38	1,455	360,000				
678-637-16-39	965	221,656				
678-637-16-40	1,420	350,000				
678-637-17-01	1,420	369,000				
678-637-17-02	965	247,000				
678-637-17-03	1,455	360,000				
678-637-17-04	965	233,000				
678-637-17-05	1,445	336,000				
678-637-17-06	1,068	263,000	Feb-11	Standard	263,000	0.0%
678-637-17-07	1,068	220,280				
678-637-17-08	1,460	378,000				
678-637-17-09	1,450	360,000				
678-637-17-10	1,460	378,000				
678-637-17-11	1,450	369,000				
678-637-17-12	1,450	360,000	Jun-11	Standard	360,000	0.0%
678-637-17-13	1,460	378,000				
678-637-17-14	1,068	317,371				
678-637-17-15	1,068	299,529				
678-637-17-16	1,445	294,505				
678-637-17-17	965	261,435				
678-637-17-18	1,455	360,000				
678-637-17-19	965	261,434				
678-637-17-20	1,420	369,000				
678-637-17-21	1,420	206,152				
678-637-17-22	965	237,000	May-11	Short	206,000	-13.1%
678-637-17-23	1,455	360,000				
678-637-17-24	965	233,000				
678-637-17-25	1,445	336,000				
678-637-17-26	1,068	295,000				
678-637-17-27	1,068	295,000				
678-637-17-28	1,460	370,000	Feb-12	Standard	349,000	-5.7%
678-637-17-29	1,450	397,030				
678-637-17-30	1,460	378,000				
678-637-17-31	1,450	360,000				
678-637-17-32	1,450	350,000				

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-637-17-33	1,460	378,000				
678-637-17-34	1,068	300,000				
678-637-17-35	1,068	250,000				
678-637-17-36	1,445	336,000				
678-637-17-37	965	233,000				
678-637-17-38	1,455	360,000				
678-637-17-39	965	257,253				
678-637-17-40	1,420	360,000				
TOTAL		70,078,341			5,610,500	
NO. PARCELS		218			20	
AVERAGE		321,460			280,525	-8.3%
MINIMUM		62,359				-31.3%
MAXIMUM		397,030				+0.2%

MAP OF GIANNI



GIANNI

PROPERTY DATA

This product type is located in the area bounded by Paseo de Linda at the north, 4S Ranch Parkway at the west, Town Square Parkway at the east, and Camino San Thomas along the southerly side.

This product type is described as Units 1 through 206 on Lot 1 of County of San Diego Tract No. 5342-1 according to Map No. 15251 recorded January 27, 2006. The 206 units comprise Assessor Parcel Nos. 678-638-10-01 to 55, 678-638-11-01 to 77 and 678-638-12-01 to 74, and the assessed values range from $165,104 to $504,990.

This product type comprises a total of 206 attached residential units on 11.84 acres, indicating a density of 17.4 units per acre.

These lots/units were developed by Standard Pacific Homes from late 2006 through mid 2009 with 206 attached townhomes called Gianni at 4S Ranch. There are five floor plans and the number and description of each plan is as follows:

<u>Plan 1</u> (30): 1,211 s.f., two-story, with 2 bedrooms, 2½ baths and 1-car garage plus storage.

<u>Plan 2</u> (30): 1,356 s.f., three-story, with 2 bedrooms, 2 baths, deck and 1-car garage plus storage with option of den at bedroom 2.

<u>Plan 3</u> (78): 1,389 s.f., two-story, with 3 bedrooms or 2 master suites, 2½ baths and 2-car garage.

<u>Plan 4</u> (38): 1,460 s.f., three-story, with 3 bedrooms, morning room, 3½ baths, deck and 2-car garage with option of den at bedroom 3.

<u>Plan 5</u> (30): 1,578 s.f., two-story, with 3 bedrooms, 2½ baths and 2-car garage.

Per Assessor data, the homes in this product type range in size from 1,211 s.f. to 1,578 s.f. or an average of 1,401 s.f.

ANALYSIS

Per the spreadsheet on the following pages, the following data is indicated:

- Total A.V. for product type: $83,880,035
- Average A.V. for product type: $407,185
- Variance from sale price to A.V.: -34.9% to +5.9%, or avg. of -15.0%

It is noted that of the 18 sales, the 6 standard sales indicate the range of -11.1% to 0.0%, the 9 short sales indicate -34.9% to +5.9% and the 3 lender sales indicate -21.1% to 0.0%. Thus, since 12 of the 18 sales were short or lender sales, the average variance of -15.0% for this product type is well on the conservative side.

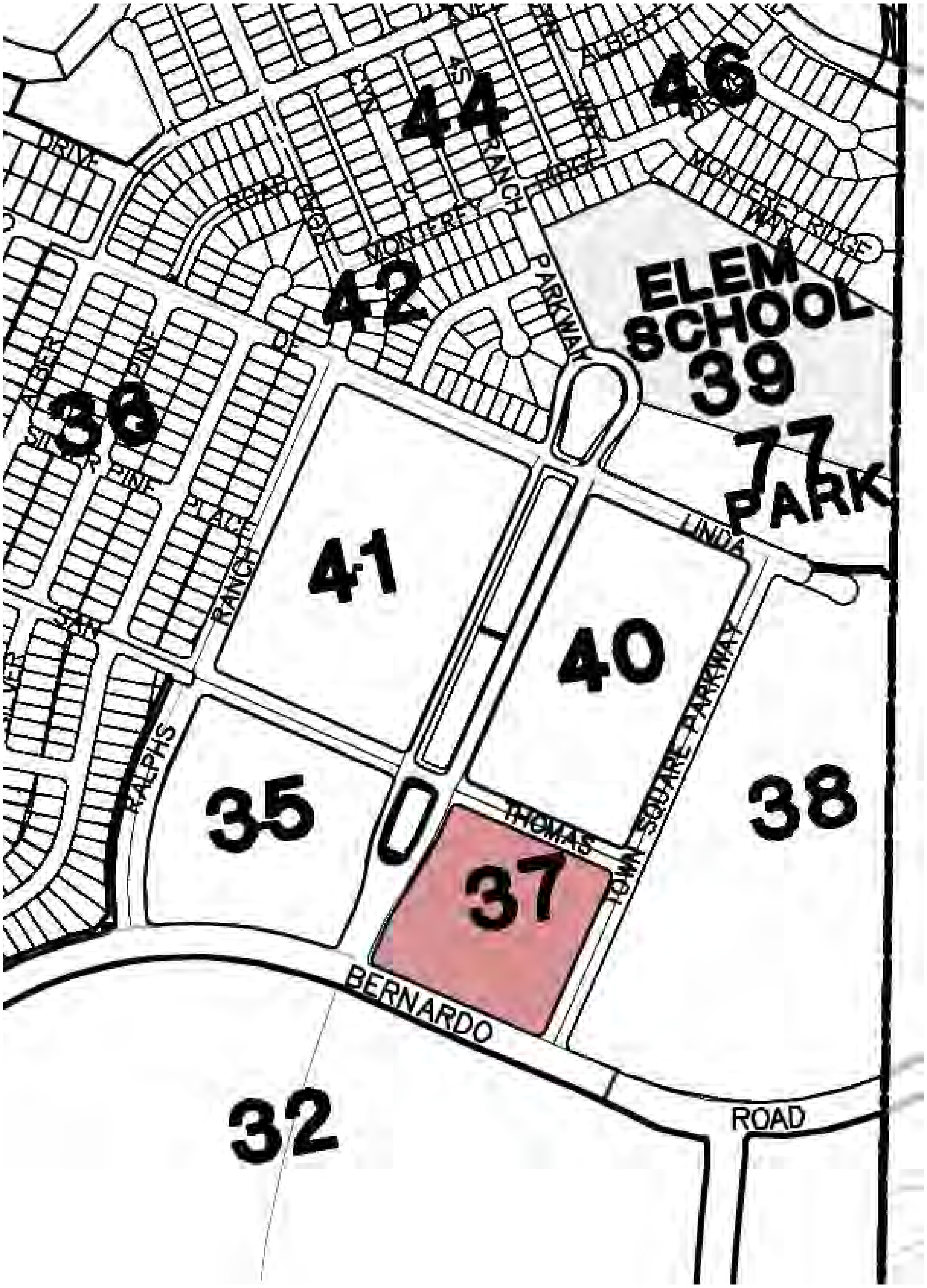
APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-638-10-01	1,211	315,000	May-11	Standard	290,000	-7.9%
678-638-10-02	1,356	406,000	Jun-11	Short	308,000	-24.1%
678-638-10-03	1,460	387,898				
678-638-10-04	1,395	415,000				
678-638-10-05	1,389	410,000				
678-638-10-06	1,578	392,936				
678-638-10-07	1,211	407,059	May-11	Short	265,000	-34.9%
678-638-10-08	1,356	406,690				
678-638-10-09	1,460	417,133				
678-638-10-10	1,395	369,000				
678-638-10-11	1,389	359,000	Mar-11	Lender	359,000	0.0%
678-638-10-12	1,578	413,086				
678-638-10-13	1,211	357,673				
678-638-10-14	1,356	362,710				
678-638-10-15	1,460	391,000				
678-638-10-16	1,395	380,000	Jan-11	Lender	300,000	-21.1%
678-638-10-17	1,389	410,000	Jun-11	Lender	327,500	-20.1%
678-638-10-18	1,578	504,990				
678-638-10-19	1,211	397,556				
678-638-10-20	1,356	413,586				
678-638-10-21	1,460	367,748				
678-638-10-22	1,395	415,000				
678-638-10-23	1,389	410,000				
678-638-10-24	1,389	335,000				
678-638-10-25	1,578	410,000				
678-638-10-26	1,211	431,788				
678-638-10-27	1,356	399,000				
678-638-10-28	1,460	391,000				
678-638-10-29	1,484	404,000	May-11	Short	370,000	-8.4%
678-638-10-30	1,395	415,000				
678-638-10-31	1,389	375,000				
678-638-10-32	1,389	382,000				
678-638-10-33	1,578	419,000				
678-638-10-34	1,211	387,866				
678-638-10-35	1,356	361,703				
678-638-10-36	1,460	373,000	Jan-11	Short	395,000	+5.9%
678-638-10-37	1,395	415,000	Jan-12	Short	320,000	-22.9%
678-638-10-38	1,389	410,000				
678-638-10-39	1,389	410,000				
678-638-10-40	1,578	453,388				
678-638-10-41	1,211	402,506				
678-638-10-42	1,356	422,469				
678-638-10-43	1,460	391,000				
678-638-10-44	1,395	415,000				
678-638-10-45	1,389	410,000				
678-638-10-46	1,389	335,000				
678-638-10-47	1,578	432,209				
678-638-10-48	1,211	401,189				
678-638-10-49	1,356	391,004				
678-638-10-50	1,460	391,000				
678-638-10-51	1,484	404,000				
678-638-10-52	1,395	415,000				
678-638-10-53	1,389	410,000	Jan-12	Short	325,000	-20.7%

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-638-10-54	1,389	335,000				
678-638-10-55	1,578	491,396				
678-638-11-01	1,211	368,000				
678-638-11-02	1,356	397,973				
678-638-11-03	1,460	424,450				
678-638-11-04	1,484	448,350				
678-638-11-05	1,395	415,000				
678-638-11-06	1,389	431,222				
678-638-11-07	1,389	382,000				
678-638-11-08	1,578	442,305				
678-638-11-09	1,211	390,514				
678-638-11-10	1,356	385,000				
678-638-11-11	1,460	391,000				
678-638-11-12	1,395	415,000				
678-638-11-13	1,389	410,000				
678-638-11-14	1,389	350,000				
678-638-11-15	1,578	456,411				
678-638-11-16	1,211	365,732				
678-638-11-17	1,356	414,647				
678-638-11-18	1,460	391,000				
678-638-11-19	1,395	415,000				
678-638-11-20	1,389	410,000				
678-638-11-21	1,389	336,000				
678-638-11-22	1,578	490,987				
678-638-11-23	1,211	362,710				
678-638-11-24	1,356	407,943				
678-638-11-25	1,460	391,000				
678-638-11-26	1,395	400,000				
678-638-11-27	1,389	428,200	Mar-11	Short	300,000	-29.9%
678-638-11-28	1,389	410,000				
678-638-11-29	1,578	494,909				
678-638-11-30	1,211	401,135				
678-638-11-31	1,356	414,185				
678-638-11-32	1,460	391,000				
678-638-11-33	1,395	408,000				
678-638-11-34	1,389	410,000				
678-638-11-35	1,389	336,000				
678-638-11-36	1,578	410,000				
678-638-11-37	1,211	420,828				
678-638-11-38	1,356	418,195	Feb-12	Short	315,000	-24.7%
678-638-11-39	1,460	391,000				
678-638-11-40	1,484	404,000				
678-638-11-41	1,395	415,000				
678-638-11-42	1,389	410,000				
678-638-11-43	1,389	370,896				
678-638-11-44	1,578	410,000				
678-638-11-45	1,211	410,095				
678-638-11-46	1,356	424,972				
678-638-11-47	1,460	430,600				
678-638-11-48	1,395	396,000				
678-638-11-49	1,389	445,979				
678-638-11-50	1,389	416,145				
678-638-11-51	1,578	410,000				

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-638-11-52	1,211	400,766				
678-638-11-53	1,356	425,473				
678-638-11-54	1,460	436,650				
678-638-11-55	1,395	427,524				
678-638-11-56	1,578	410,000				
678-638-11-57	1,211	300,000				
678-638-11-58	1,356	421,270				
678-638-11-59	1,460	441,776				
678-638-11-60	1,395	385,000				
678-638-11-61	1,578	410,000				
678-638-11-62	1,211	368,000				
678-638-11-63	1,356	415,119				
678-638-11-64	1,460	430,601				
678-638-11-65	1,395	444,851				
678-638-11-66	1,578	502,265				
678-638-11-67	1,211	404,867				
678-638-11-68	1,356	420,347				
678-638-11-69	1,460	391,000				
678-638-11-70	1,395	452,656				
678-638-11-71	1,578	410,000				
678-638-11-72	1,211	370,000				
678-638-11-73	1,356	424,727				
678-638-11-74	1,460	391,000				
678-638-11-75	1,395	415,000				
678-638-11-76	1,389	410,000				
678-638-11-77	1,578	502,265				
678-638-12-01	1,211	352,702				
678-638-12-02	1,356	375,000	Nov-11	Standard	350,000	-6.7%
678-638-12-03	1,460	427,182				
678-638-12-04	1,484	404,000	Pending	Standard	379,000	-6.2%
678-638-12-05	1,395	377,932				
678-638-12-06	1,389	375,000				
678-638-12-07	1,389	401,955				
678-638-12-08	1,578	410,000				
678-638-12-09	1,211	352,703				
678-638-12-10	1,356	414,016				
678-638-12-11	1,460	427,083				
678-638-12-12	1,395	407,986				
678-638-12-13	1,389	433,114				
678-638-12-14	1,389	386,978				
678-638-12-15	1,578	462,263	Jul-11	Standard	411,000	-11.1%
678-638-12-16	1,211	352,703				
678-638-12-17	1,356	414,015				
678-638-12-18	1,460	427,182				
678-638-12-19	1,395	420,147				
678-638-12-20	1,389	439,548	Sep-11	Short	320,000	-27.2%
678-638-12-21	1,389	388,988				
678-638-12-22	1,578	487,493				
678-638-12-23	1,211	352,703				
678-638-12-24	1,356	418,037				
678-638-12-25	1,460	375,000	Jan-11	Standard	375,000	0.0%
678-638-12-26	1,395	429,711				
678-638-12-27	1,389	412,406				

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-638-12-28	1,389	399,944				
678-638-12-29	1,578	457,338	Feb-12	Standard	408,000	-10.8%
678-638-12-30	1,211	421,052				
678-638-12-31	1,356	418,037				
678-638-12-32	1,460	412,106				
678-638-12-33	1,395	304,127				
678-638-12-34	1,389	419,142				
678-638-12-35	1,389	401,954				
678-638-12-36	1,568	493,423				
678-638-12-37	1,211	417,060				
678-638-12-38	1,356	434,346				
678-638-12-39	1,460	429,093				
678-638-12-40	1,484	438,278				
678-638-12-41	1,395	462,323				
678-638-12-42	1,389	419,645				
678-638-12-43	1,389	415,020				
678-638-12-44	1,578	165,104				
678-638-12-45	1,211	388,988				
678-638-12-46	1,356	408,086				
678-638-12-47	1,460	430,099				
678-638-12-48	1,484	430,199				
678-638-12-49	1,395	407,986				
678-638-12-50	1,389	407,985				
678-638-12-51	1,389	389,893				
678-638-12-52	1,578	476,335				
678-638-12-53	1,211	373,692				
678-638-12-54	1,356	405,975				
678-638-12-55	1,460	424,068				
678-638-12-56	1,395	412,107				
678-638-12-57	1,389	414,968				
678-638-12-58	1,389	390,899				
678-638-12-59	1,578	471,310				
678-638-12-60	1,211	373,692				
678-638-12-61	1,356	415,155				
678-638-12-62	1,460	440,189				
678-638-12-63	1,395	407,986				
678-638-12-64	1,389	407,986				
678-638-12-65	1,389	396,930				
678-638-12-66	1,578	471,310				
678-638-12-67	1,211	361,000				
678-638-12-68	1,356	432,209				
678-638-12-69	1,460	464,273				
678-638-12-70	1,484	452,313				
678-638-12-71	1,395	443,166				
678-638-12-72	1,389	438,274				
678-638-12-73	1,389	390,000				
678-638-12-74	1,578	410,000				
TOTAL		83,880,035			6,117,500	
NO. PARCELS		206			18	
AVERAGE		407,185			339,861	-15.0%
MINIMUM		165,104				-34.9%
MAXIMUM		504,990				+5.9%

MAP OF SAN MORITZ



SAN MORITZ

PROPERTY DATA

This product type is located in the area bounded by Rancho Bernardo Rd. at the south, 4S Ranch Parkway at the west, Camino San Thomas at the north and Town Square Parkway at the east.

This product type is described as Units 1 through 140 on Lot 263 of County of San Diego Tract No. 5229-1, according to Map No. 14747 recorded February 27, 2004. The 140 units comprise Assessor Parcel Nos. 678-637-10-01 to 72 and 678-637-11-01 to 68, and the assessed values range from $280,000 to $491,512.

This product type comprises a total of 140 attached residential units on 7.08 acres, indicating a density of 19.8 units per acre.

This site was developed by Shea Homes from 2005 through early 2007 with 140 attached tri-level townhomes called San Moritz at 4S Ranch. There are three floor plans and the number and description of each plan is as follows:

Plan 1 (31): 1,318 s.f., three-story, with 2 bedrooms, alcove, laundry, 2½ baths and 2-car attached garage.

Plan 2 (55): 1,394 s.f., three-story, with 2 bedrooms, den/office, laundry, 2½ baths and 2-car attached garage.

Plan 3 (54): 1,494 s.f., three-story, with 3 bedrooms, tech center, laundry, 3½ baths and 2-car attached garage.

Per Assessor data, the homes in this product type range in size from 1,335 s.f. to 1,498 s.f. or an average of 1,419 s.f.

ANALYSIS

Per the spreadsheet on the following pages, the following data is indicated:

- Total A.V. for product type: $49,276,799
- Average A.V. for product type: $351,977
- Variance from sale price to A.V.: -23.6% to +15.7%, or avg. of -7.2%

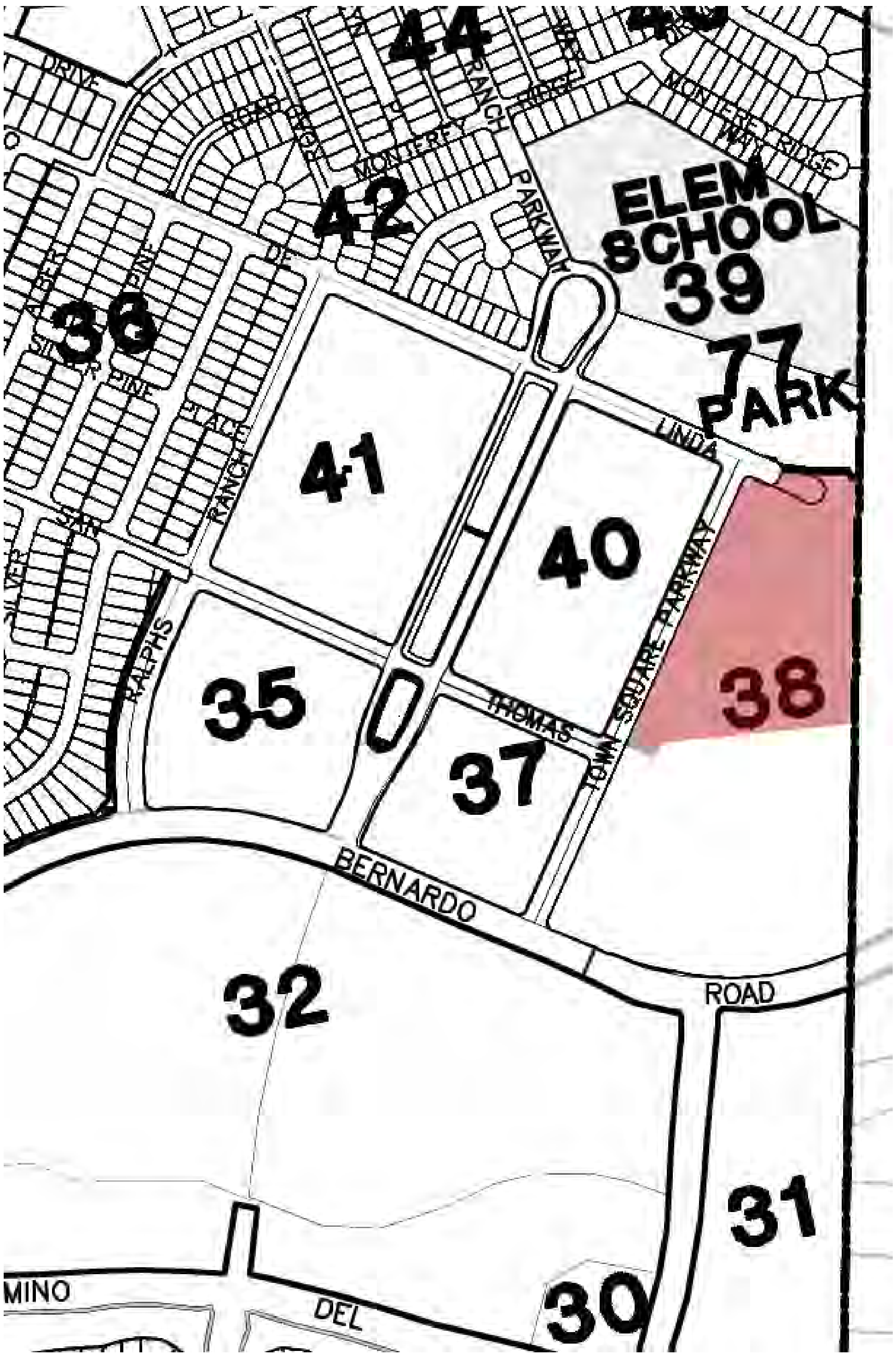
It is noted that of the 19 sales, the 7 standard sales indicate the range of -9.7% to +15.7%, the 8 short sales indicate the range of -16.2% to -1.4%, and the 4 lender sales indicate the range of -23.6% to 0.0%. Thus, since 12 of the 19 sales were short or lender sales, on average the sale prices and the average variance of -7.2% for this product type would tend to be well on the conservative side.

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-637-10-01	1,498	360,000				
678-637-10-02	1,389	361,904				
678-637-10-03	1,335	280,000				
678-637-10-04	1,335	340,000				
678-637-10-05	1,389	340,000				
678-637-10-06	1,498	360,000				
678-637-10-07	1,498	358,000				
678-637-10-08	1,389	340,000				
678-637-10-09	1,335	340,000	Feb-12	Lender	260,000	-23.5%
678-637-10-10	1,335	340,000				
678-637-10-11	1,389	350,620				
678-637-10-12	1,498	360,000				
678-637-10-13	1,498	360,000				
678-637-10-14	1,389	340,000				
678-637-10-15	1,335	319,130				
678-637-10-16	1,389	340,000				
678-637-10-17	1,498	358,000				
678-637-10-18	1,498	360,000	Apr-11	Short	355,000	-1.4%
678-637-10-19	1,389	340,000				
678-637-10-20	1,389	340,000	Jan-12	Standard	318,000	-6.5%
678-637-10-21	1,498	360,000				
678-637-10-22	1,498	360,000				
678-637-10-23	1,389	335,715				
678-637-10-24	1,389	340,000				
678-637-10-25	1,498	360,000	Pending	Standard	359,000	-0.3%
678-637-10-26	1,498	360,000				
678-637-10-27	1,389	360,000				
678-637-10-28	1,389	340,000				
678-637-10-29	1,498	358,000				
678-637-10-30	1,498	358,000				
678-637-10-31	1,389	360,000				
678-637-10-32	1,389	340,000				
678-637-10-33	1,498	380,000				
678-637-10-34	1,498	360,000				
678-637-10-35	1,389	340,000				
678-637-10-36	1,389	340,000				
678-637-10-37	1,498	360,000				
678-637-10-38	1,498	403,011				
678-637-10-39	1,389	360,000				
678-637-10-40	1,389	341,747				
678-637-10-41	1,498	358,000				
678-637-10-42	1,498	360,000				
678-637-10-43	1,389	340,000				
678-637-10-44	1,335	340,000				
678-637-10-45	1,335	360,000				
678-637-10-46	1,389	360,000				
678-637-10-47	1,498	360,000				
678-637-10-48	1,498	360,000				
678-637-10-49	1,389	331,695				
678-637-10-50	1,335	340,000				
678-637-10-51	1,389	360,000				
678-637-10-52	1,335	340,000				
678-637-10-53	1,389	340,000				

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-637-10-54	1,498	357,672				
678-637-10-55	1,498	360,000				
678-637-10-56	1,389	343,757				
678-637-10-57	1,335	360,000	Feb-11	Lender	275,000	-23.6%
678-637-10-58	1,335	341,746				
678-637-10-59	1,389	340,000				
678-637-10-60	1,498	360,000	Pending	Short	330,000	-8.3%
678-637-10-61	1,498	392,935				
678-637-10-62	1,389	360,000				
678-637-10-63	1,335	340,000				
678-637-10-64	1,335	331,477				
678-637-10-65	1,389	326,670				
678-637-10-66	1,498	358,000				
678-637-10-67	1,498	361,849				
678-637-10-68	1,389	360,000	Apr-11	Lender	335,000	-6.9%
678-637-10-69	1,335	357,672				
678-637-10-70	1,335	340,000				
678-637-10-71	1,389	338,529				
678-637-10-72	1,498	358,000				
678-637-11-01	1,498	358,000				
678-637-11-02	1,389	360,000	Pending	Short	330,000	-8.3%
678-637-11-03	1,335	340,000				
678-637-11-04	1,335	280,000	Aug-11	Standard	324,000	+15.7%
678-637-11-05	1,389	360,000				
678-637-11-06	1,498	360,000				
678-637-11-07	1,498	358,000				
678-637-11-08	1,389	340,000				
678-637-11-09	1,335	360,000				
678-637-11-10	1,389	360,000	Apr-11	Standard	330,000	-8.3%
678-637-11-11	1,498	360,000				
678-637-11-12	1,498	358,000				
678-637-11-13	1,389	360,000				
678-637-11-14	1,389	360,000	Aug-11	Short	315,000	-12.5%
678-637-11-15	1,498	358,000				
678-637-11-16	1,498	360,000				
678-637-11-17	1,389	360,000				
678-637-11-18	1,389	340,000				
678-637-11-19	1,498	360,000				
678-637-11-20	1,498	358,000				
678-637-11-21	1,389	340,000				
678-637-11-22	1,389	340,000	Sep-11	Short	285,000	-16.2%
678-637-11-23	1,498	360,000	Pending	Short	331,000	-8.1%
678-637-11-24	1,498	360,000				
678-637-11-25	1,389	360,000				
678-637-11-26	1,389	360,000				
678-637-11-27	1,498	360,000				
678-637-11-28	1,498	351,798				
678-637-11-29	1,389	360,000				
678-637-11-30	1,335	298,000				
678-637-11-31	1,389	360,000	Apr-11	Short	329,500	-8.5%
678-637-11-32	1,498	358,000				
678-637-11-33	1,498	360,000	Jan-12	Short	339,000	-5.8%
678-637-11-34	1,389	340,000				

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-637-11-35	1,335	340,000				
678-637-11-36	1,335	340,000				
678-637-11-37	1,389	340,000				
678-637-11-38	1,498	390,000				
678-637-11-39	1,498	491,512				
678-637-11-40	1,389	340,000				
678-637-11-41	1,335	300,000	Feb-11	Lender	300,000	0.0%
678-637-11-42	1,335	340,000				
678-637-11-43	1,389	340,000				
678-637-11-44	1,498	360,000				
678-637-11-45	1,498	360,000				
678-637-11-46	1,389	340,000				
678-637-11-47	1,335	340,000				
678-637-11-48	1,335	491,227				
678-637-11-49	1,389	340,000				
678-637-11-50	1,498	397,750				
678-637-11-51	1,498	390,000				
678-637-11-52	1,389	340,000				
678-637-11-53	1,335	340,000				
678-637-11-54	1,335	340,000				
678-637-11-55	1,389	340,000				
678-637-11-56	1,498	358,000				
678-637-11-57	1,498	390,000	Jun-11	Standard	370,000	-5.1%
678-637-11-58	1,389	360,000				
678-637-11-59	1,335	280,000				
678-637-11-60	1,335	330,000	Aug-11	Standard	330,000	0.0%
678-637-11-61	1,389	340,000				
678-637-11-62	1,498	352,635				
678-637-11-63	1,498	358,000				
678-637-11-64	1,389	340,000				
678-637-11-65	1,335	280,000				
678-637-11-66	1,335	367,748				
678-637-11-67	1,389	360,000	Aug-11	Standard	325,000	-9.7%
678-637-11-68	1,498	360,000				
TOTAL		49,276,799			6,140,500	
NO. PARCELS		140			19	
AVERAGE		351,977			323,184	-7.2%
MINIMUM		280,000				-23.6%
MAXIMUM		491,512				+15.7%

MAP OF AMANTE



AMANTE

PROPERTY DATA

This product type is located at the southeast corner of Town Square Parkway and Paseo De Linda, extending southerly to Westford Way.

This product type comprises the northerly portion of Lot 1 of County of San Diego Tract No. 5328-1, according to Map No. 14965, recorded February 11, 2005, and referred to as Lots or Units 1 through 127. The 127 lots consist of Assessor Parcel Nos. 678-637-05-01 to 73 and 678-637-06-01 to 54, and the assessed values range from $238,830 to $564,216.

This product type comprises a total of 127 lots in a condominium plan, with the lot sizes ranging from ±2,000 s.f. to 3,000 s.f.

These lots/units were developed by William Lyon Homes in 2005 through 2007 with 127 detached courtyard-style homes called Amante at 4S Ranch. There are four floor plans and the number and description of each plan is as follows:

Plan 1(28) : 1,454 s.f., two-story, with 2 bedrooms, den or optional bedroom 3, 2½ baths, and 2-car garage.

Plan 2 (32): 1,743 s.f., two-story, with 3 bedrooms, 2½ baths, and 2-car garage.

Plan 3 (36): 1,825 s.f., two-story, with 2 bedrooms, den or optional bedroom 3, 2½ baths, and 2-car garage.

Plan 4 (31): 1,914 s.f., two-story, with 3 bedrooms, loft or optional bedroom 4, 2½ baths, and 2-car garage.

Per Assessor data, the homes in this product type range in size from 1,455 s.f. to 1,957 s.f. or an average of 1,784 s.f.

ANALYSIS

Per the spreadsheet on the following pages, the following data is indicated:

- Total A.V. for product type: $58,117,798
- Average A.V. for product type: $457,620
- Variance from sale price to A.V.: -7.5% to +15.1%, or avg. of +3.6%

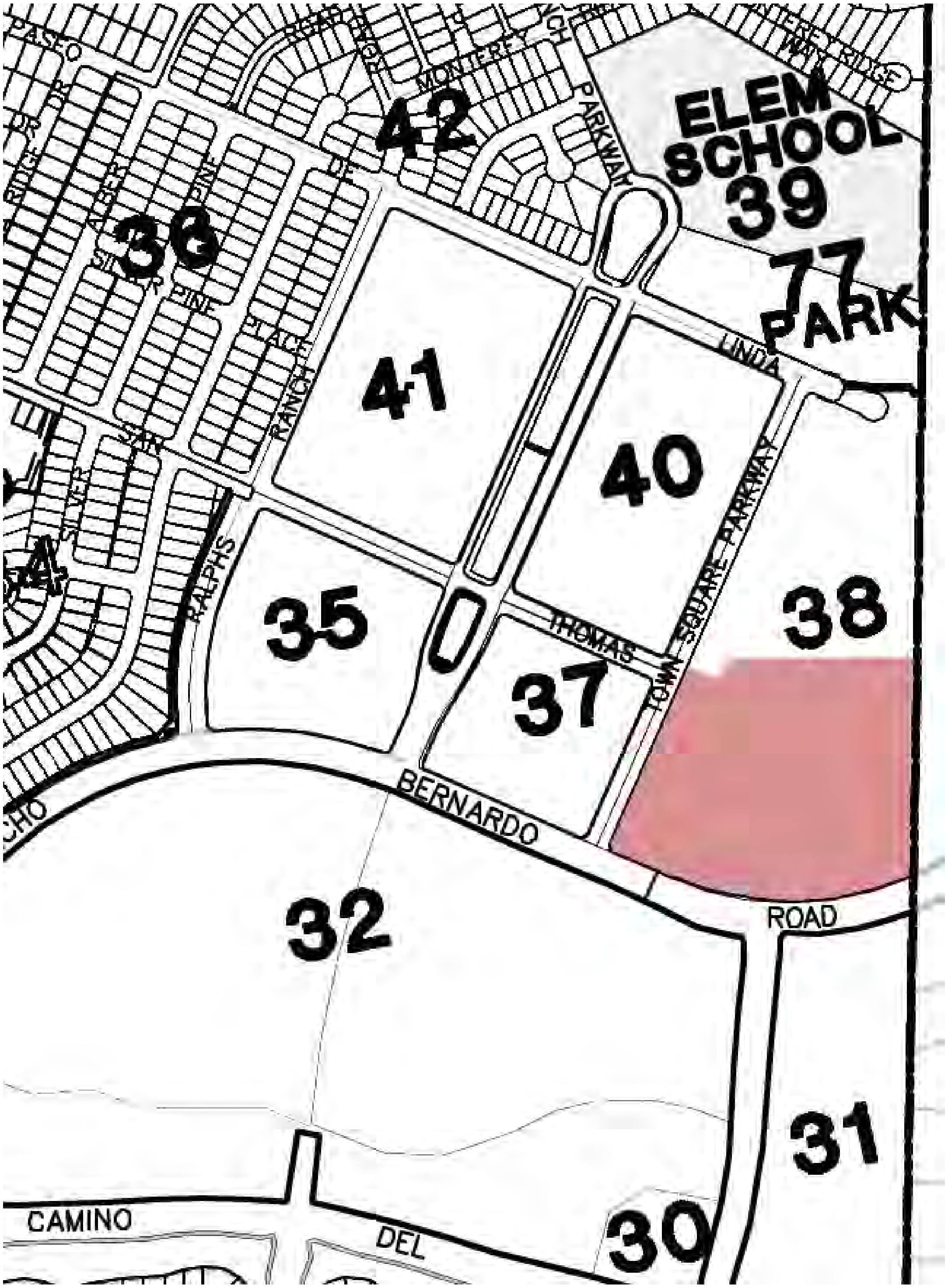
It is noted that of the 19 sales, the 6 standard sales indicate the range of -6.8% to +12.2%, the 11 short sales indicate the range of -7.5% to +15.1%, and the 2 lender sales indicate 0.0% and +6.4%. Thus, since 13 of the 19 sales were short or lender sales, on average the sale prices would tend to be on the conservative side, resulting in the average variance of +3.6% for the product type also being on the conservative side.

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-637-05-01	1,455	400,000				
678-637-05-02	1,803	477,000				
678-637-05-03	1,957	540,000				
678-637-05-04	1,873	450,000				
678-637-05-05	1,873	490,500				
678-637-05-06	1,957	540,000				
678-637-05-07	1,803	440,000				
678-637-05-08	1,455	400,000				
678-637-05-09	1,455	387,000	Jan-11	Lender	387,000	0.0%
678-637-05-10	1,803	442,261				
678-637-05-11	1,957	540,000				
678-637-05-12	1,873	470,000	Feb-11	Short	470,000	0.0%
678-637-05-13	1,873	492,500				
678-637-05-14	1,957	540,000				
678-637-05-15	1,803	440,000	Sep-11	Short	455,000	+3.4%
678-637-05-16	1,455	356,000				
678-637-05-17	1,455	400,000	Jan-12	Standard	395,000	-1.3%
678-637-05-18	1,803	518,877				
678-637-05-19	1,957	542,775	Jul-11	Standard	506,000	-6.8%
678-637-05-20	1,873	450,000				
678-637-05-21	1,873	481,000				
678-637-05-22	1,957	548,453				
678-637-05-23	1,803	477,000				
678-637-05-24	1,455	440,000				
678-637-05-25	1,455	400,000				
678-637-05-26	1,803	477,000				
678-637-05-27	1,957	508,000	Mar-11	Standard	512,000	+0.8%
678-637-05-28	1,873	450,000				
678-637-05-29	1,873	450,000				
678-637-05-30	1,957	510,610				
678-637-05-31	1,803	477,000				
678-637-05-32	1,455	357,000	Oct-11	Short	395,000	+10.6%
678-637-05-33	1,873	450,000				
678-637-05-34	1,957	508,000				
678-637-05-35	1,957	540,000				
678-637-05-36	1,873	450,000				
678-637-05-37	1,873	481,000				
678-637-05-38	1,873	450,000				
678-637-05-39	1,873	481,000				
678-637-05-40	1,957	540,000				
678-637-05-41	1,873	539,028				
678-637-05-42	1,803	501,565	Jun-11	Standard	499,000	-0.5%
678-637-05-43	1,455	435,225				
678-637-05-44	1,455	388,000				
678-637-05-45	1,455	380,000	Mar-11	Short	380,000	0.0%
678-637-05-46	1,803	469,400				
678-637-05-47	1,957	508,000				
678-637-05-48	1,873	488,651				
678-637-05-49	1,873	450,000				
678-637-05-50	1,957	513,840				
678-637-05-51	1,803	477,000				
678-637-05-52	1,873	450,000				
678-637-05-53	1,873	481,000				

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-637-05-54	1,803	477,000				
678-637-05-55	1,803	477,000				
678-637-05-56	1,873	481,000				
678-637-05-57	1,873	481,000				
678-637-05-58	1,455	400,000	Pending	Lender	425,500	+6.4%
678-637-05-59	1,803	440,000				
678-637-05-60	1,957	540,000				
678-637-05-61	1,873	450,000				
678-637-05-62	1,873	450,000	Feb-12	Standard	460,000	+2.2%
678-637-05-63	1,957	470,000				
678-637-05-64	1,803	477,000				
678-637-05-65	1,455	400,000				
678-637-05-66	1,455	400,000				
678-637-05-67	1,803	442,361				
678-637-05-68	1,803	440,000				
678-637-05-69	1,957	508,000	Dec-11	Short	470,000	-7.5%
678-637-05-70	1,957	540,000				
678-637-05-71	1,873	489,658				
678-637-05-72	1,803	477,000				
678-637-05-73	1,455	357,000	Feb-11	Short	400,000	+12.0%
678-637-06-01	1,455	356,000				
678-637-06-02	1,803	440,000				
678-637-06-03	1,957	238,830				
678-637-06-04	1,873	450,000				
678-637-06-05	1,873	481,000				
678-637-06-06	1,957	564,216				
678-637-06-07	1,803	477,000				
678-637-06-08	1,455	356,000				
678-637-06-09	1,455	357,000				
678-637-06-10	1,803	477,000				
678-637-06-11	1,957	512,621				
678-637-06-12	1,873	450,000				
678-637-06-13	1,873	450,000				
678-637-06-14	1,957	540,000				
678-637-06-15	1,803	440,000				
678-637-06-16	1,455	357,000	Apr-11	Short	411,000	+15.1%
678-637-06-17	1,455	356,000				
678-637-06-18	1,803	440,000				
678-637-06-19	1,957	508,000				
678-637-06-20	1,873	481,500				
678-637-06-21	1,873	450,000				
678-637-06-22	1,957	540,000				
678-637-06-23	1,803	440,000	Mar-11	Short	480,000	+9.1%
678-637-06-24	1,455	357,000				
678-637-06-25	1,455	356,000				
678-637-06-26	1,803	440,000	Apr-11	Short	455,000	+3.4%
678-637-06-27	1,957	540,000				
678-637-06-28	1,873	450,000				
678-637-06-29	1,873	450,000				
678-637-06-30	1,957	508,000				
678-637-06-31	1,803	440,000	May-11	Short	480,000	+9.1%
678-637-06-32	1,455	356,000				
678-637-06-33	1,455	356,000				

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-637-06-34	1,803	440,000				
678-637-06-35	1,957	489,200	Feb-11	Short	489,500	+0.1%
678-637-06-36	1,873	450,000				
678-637-06-37	1,873	450,000	Jul-11	Standard	505,000	+12.2%
678-637-06-38	1,957	540,000				
678-637-06-39	1,803	440,000				
678-637-06-40	1,455	356,000				
678-637-06-41	1,873	481,000				
678-637-06-42	1,803	498,727				
678-637-06-43	1,803	440,000				
678-637-06-44	1,957	508,000				
678-637-06-45	1,957	540,000				
678-637-06-46	1,455	357,000				
678-637-06-47	1,803	477,000				
678-637-06-48	1,455	357,000				
678-637-06-49	1,957	540,000				
678-637-06-50	1,873	481,000				
678-637-06-51	1,873	450,000				
678-637-06-52	1,957	540,000				
678-637-06-53	1,803	440,000				
678-637-06-54	1,455	356,000				
TOTAL		58,117,798			8,575,000	
NO. PARCELS		127			19	
AVERAGE		457,620			451,316	+3.6%
MINIMUM		238,830				-7.5%
MAXIMUM		564,216				+15.1%

MAP OF RAVENNA



RAVENNA

PROPERTY DATA

This product type is located at the northeast corner of Rancho Bernardo Rd. and Town Square Parkway, extending north to Westford Way.

This product type comprises the southerly portion of Lot 1 of County of San Diego Tract No. 5328-1, according to Map No. 14965, recorded February 11, 2005, and referred to as Lots or Units 1 through 199. The 199 units consist of Assessor Parcel Nos. 678-637-07-01 to 90, 678-637-08-01 to 68 and 678-637-09-01 to 41, and the assessed values range from $170,870 to $452,380.

These lots/units were developed by William Lyon Homes in 2005 through 2007 with 199 attached townhomes called Ravenna at 4S Ranch. There are three floor plans and the number and description of each plan is as follows:

> Plan 1 (53): 1,476 s.f., two-story with mezzanine, with 2 bedrooms, loft, 2½ baths and 2-car garage.
>
> Plan 2 (72): 1,405 s.f., two-story, with 3 bedrooms, 2½ baths, and 2-car garage with option of den at bedroom 3.
>
> Plan 3 (74): 1,626 s.f., two-story, with 3 bedrooms, loft, 2½ baths and 2-car garage with options of den and bedroom 4.

Per Assessor data, the homes in this product type range in size from 1,428 s.f. to 1,642 s.f. or an average of 1,522 s.f.

ANALYSIS

Per the spreadsheet on the following pages, the following data is indicated:

- Total A.V. for product type: $75,906,897
- Average A.V. for product type: $381,442
- Variance from sale price to A.V.: -8.0% to +6.7%, or avg. of -1.3%

It is noted that of the 14 sales, the 6 standard sales indicate the range of -0.7% to +6.7%, the 7 short sales indicate the range of -8.0% to +1.4% and the lender sale indicates +4.8%. Thus, since 8 of the 14 sales were short or lender sales, on average the sale prices would tend to be on the conservative side, resulting in the average variance of -1.3% for the product type as also being on the conservative side.

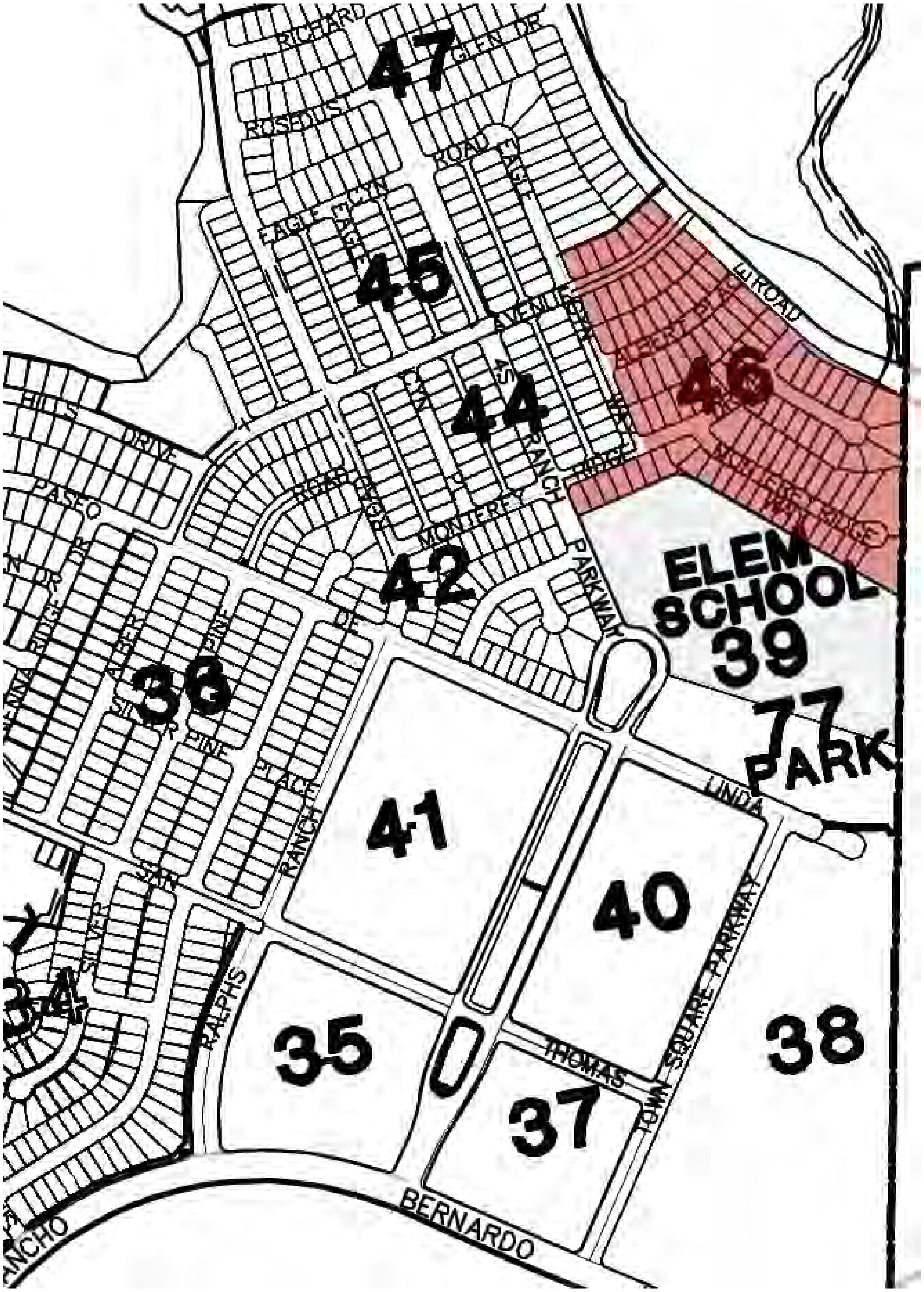
APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-637-07-01	1,642	420,000				
678-637-07-02	1,428	375,000				
678-637-07-03	1,484	370,000				
678-637-07-04	1,484	356,000				
678-637-07-05	1,428	356,000				
678-637-07-06	1,642	423,000				
678-637-07-07	1,642	420,000				
678-637-07-08	1,484	170,870				
678-637-07-09	1,428	356,000				
678-637-07-10	1,428	356,000				
678-637-07-11	1,484	370,000				
678-637-07-12	1,642	420,000				
678-637-07-13	1,642	420,000				
678-637-07-14	1,428	414,000				
678-637-07-15	1,484	345,000				
678-637-07-16	1,484	202,709				
678-637-07-17	1,428	356,000				
678-637-07-18	1,642	420,000				
678-637-07-19	1,642	420,000				
678-637-07-20	1,484	370,000				
678-637-07-21	1,428	356,000				
678-637-07-22	1,428	356,000				
678-637-07-23	1,484	370,000				
678-637-07-24	1,642	420,000				
678-637-07-25	1,642	423,000	Mar-11	Short	429,000	+1.4%
678-637-07-26	1,428	356,000	Jul-11	Standard	380,000	+6.7%
678-637-07-27	1,484	370,000				
678-637-07-28	1,484	370,000				
678-637-07-29	1,428	356,000	Oct-11	Lender	373,000	+4.8%
678-637-07-30	1,642	400,000				
678-637-07-31	1,642	448,000				
678-637-07-32	1,484	296,913				
678-637-07-33	1,428	356,000				
678-637-07-34	1,428	356,000				
678-637-07-35	1,484	370,000				
678-637-07-36	1,642	423,000				
678-637-07-37	1,642	382,128				
678-637-07-38	1,484	356,000	Apr-11	Short	345,000	-3.1%
678-637-07-39	1,428	375,000				
678-637-07-40	1,428	356,000				
678-637-07-41	1,484	356,000				
678-637-07-42	1,642	420,000				
678-637-07-43	1,642	423,000				
678-637-07-44	1,428	356,000				
678-637-07-45	1,484	356,000				
678-637-07-46	1,484	356,000				
678-637-07-47	1,428	359,000				
678-637-07-48	1,642	423,000	Nov-11	Short	400,000	-5.4%
678-637-07-49	1,642	423,000				
678-637-07-50	1,484	372,281				
678-637-07-51	1,428	356,000				
678-637-07-52	1,428	361,065				
678-637-07-53	1,484	365,228				

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-637-07-54	1,642	452,380				
678-637-07-55	1,642	403,011				
678-637-07-56	1,428	350,000				
678-637-07-57	1,484	377,823				
678-637-07-58	1,484	370,000				
678-637-07-59	1,428	356,000				
678-637-07-60	1,642	423,000				
678-637-07-61	1,642	420,000				
678-637-07-62	1,484	366,237				
678-637-07-63	1,428	356,000				
678-637-07-64	1,428	350,000				
678-637-07-65	1,484	370,000				
678-637-07-66	1,642	423,000				
678-637-07-67	1,642	423,000				
678-637-07-68	1,428	375,000				
678-637-07-69	1,484	370,000				
678-637-07-70	1,484	370,000				
678-637-07-71	1,428	356,000				
678-637-07-72	1,642	420,000	Nov-11	Standard	425,000	+1.2%
678-637-07-73	1,642	423,162				
678-637-07-74	1,484	361,849				
678-637-07-75	1,428	356,000				
678-637-07-76	1,428	375,000				
678-637-07-77	1,484	325,000				
678-637-07-78	1,642	423,000				
678-637-07-79	1,642	420,000				
678-637-07-80	1,428	356,000				
678-637-07-81	1,484	356,000				
678-637-07-82	1,484	366,774				
678-637-07-83	1,428	356,000				
678-637-07-84	1,642	420,000				
678-637-07-85	1,642	420,000				
678-637-07-86	1,484	370,000				
678-637-07-87	1,428	356,000				
678-637-07-88	1,428	356,000				
678-637-07-89	1,484	370,000				
678-637-07-90	1,642	423,000				
678-637-08-01	1,642	450,000				
678-637-08-02	1,428	356,000				
678-637-08-03	1,484	356,000				
678-637-08-04	1,428	356,000				
678-637-08-05	1,642	420,000				
678-637-08-06	1,642	420,000				
678-637-08-07	1,428	390,000				
678-637-08-08	1,484	348,000				
678-637-08-09	1,428	356,000				
678-637-08-10	1,642	450,000				
678-637-08-11	1,642	420,000				
678-637-08-12	1,428	356,000	Aug-11	Standard	365,000	+2.5%
678-637-08-13	1,484	240,647				
678-637-08-14	1,428	356,000				
678-637-08-15	1,642	433,237				
678-637-08-16	1,642	420,000				

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-637-08-17	1,428	360,000				
678-637-08-18	1,484	348,000				
678-637-08-19	1,428	356,000				
678-637-08-20	1,642	425,000				
678-637-08-21	1,642	420,000				
678-637-08-22	1,428	356,000				
678-637-08-23	1,484	348,000				
678-637-08-24	1,428	356,000				
678-637-08-25	1,642	420,000	Pending	Standard	417,000	-0.7%
678-637-08-26	1,642	420,000				
678-637-08-27	1,484	356,000				
678-637-08-28	1,428	356,000	Apr-11	Short	335,000	-5.9%
678-637-08-29	1,642	450,000				
678-637-08-30	1,642	420,000	Apr-11	Standard	435,000	+3.6%
678-637-08-31	1,484	348,000	Feb-12	Short	320,000	-8.0%
678-637-08-32	1,428	356,000				
678-637-08-33	1,642	420,000				
678-637-08-34	1,642	450,000				
678-637-08-35	1,428	356,000				
678-637-08-36	1,484	389,488				
678-637-08-37	1,428	411,000				
678-637-08-38	1,642	450,000				
678-637-08-39	1,642	450,000				
678-637-08-40	1,428	377,823				
678-637-08-41	1,484	348,000				
678-637-08-42	1,428	356,000				
678-637-08-43	1,642	436,000				
678-637-08-44	1,642	420,000				
678-637-08-45	1,428	356,000				
678-637-08-46	1,484	337,522				
678-637-08-47	1,428	356,000				
678-637-08-48	1,642	450,000				
678-637-08-49	1,642	420,000				
678-637-08-50	1,428	356,000				
678-637-08-51	1,484	348,000				
678-637-08-52	1,428	352,634				
678-637-08-53	1,642	450,000				
678-637-08-54	1,642	450,000				
678-637-08-55	1,428	376,927				
678-637-08-56	1,484	356,000				
678-637-08-57	1,428	356,000				
678-637-08-58	1,642	420,000				
678-637-08-59	1,642	443,313				
678-637-08-60	1,428	356,000				
678-637-08-61	1,484	352,634				
678-637-08-62	1,428	356,000				
678-637-08-63	1,642	441,297				
678-637-08-64	1,642	445,327				
678-637-08-65	1,428	356,000				
678-637-08-66	1,486	348,000				
678-637-08-67	1,428	365,000				
678-637-08-68	1,642	420,000				
678-637-09-01	1,642	423,000				

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-637-09-02	1,428	356,000				
678-637-09-03	1,484	350,000				
678-637-09-04	1,484	322,408				
678-637-09-05	1,428	365,000				
678-637-09-06	1,642	423,000				
678-637-09-07	1,642	420,000				
678-637-09-08	1,428	385,000				
678-637-09-09	1,484	350,000				
678-637-09-10	1,428	356,000				
678-637-09-11	1,642	408,048				
678-637-09-12	1,642	420,000				
678-637-09-13	1,428	356,000				
678-637-09-14	1,484	356,000				
678-637-09-15	1,428	356,000				
678-637-09-16	1,642	420,000				
678-637-09-17	1,642	420,000				
678-637-09-18	1,428	387,000				
678-637-09-19	1,484	350,000	Nov-11	Standard	350,000	0.0%
678-637-09-20	1,428	356,000	Pending	Short	329,000	-7.6%
678-637-09-21	1,642	420,000				
678-637-09-22	1,642	423,000				
678-637-09-23	1,428	356,000				
678-637-09-24	1,484	356,000				
678-637-09-25	1,428	356,000				
678-637-09-26	1,642	420,000				
678-637-09-27	1,642	420,000				
678-637-09-28	1,428	356,000				
678-637-09-29	1,484	350,000				
678-637-09-30	1,428	356,000				
678-637-09-31	1,642	420,000				
678-637-09-32	1,642	420,000				
678-637-09-33	1,428	356,000	Nov-11	Short	330,000	-7.3%
678-637-09-34	1,484	350,000				
678-637-09-35	1,428	356,000				
678-637-09-36	1,642	423,000				
678-637-09-37	1,642	423,162				
678-637-09-38	1,428	356,000				
678-637-09-39	1,484	350,000				
678-637-09-40	1,428	356,000				
678-637-09-41	1,642	420,000				
TOTAL		75,906,897			5,233,000	
NO. PARCELS		199			14	
AVERAGE		381,442			373,786	-1.3%
MINIMUM		170,870				-8.0%
MAXIMUM		452,380				+6.7%

MAP OF CHANTECLAIR



CHANTECLAIR

PROPERTY DATA

Location

This product type is located between Eagle Canyon Way and Alva Rd., north and south from Monterey Ridge Dr. and also along the south side of Monterey Ridge Dr. easterly from 4S Ranch Pkwy.

This product type is described as Lots 505 through 605 of County of San Diego Tract No. 5229-2, according to Map No. 14966 recorded February 15, 2005; however, Lots 516 and 566 have prepaid the special taxes and are not included in this analysis. The 99 lots included in this analysis comprise Assessor Parcel Nos. 678-641-50 to 55, 678-642-01 to 05 & 07 to 46 and 678-643-01 to 09 & 11 to 49, and the assessed values range from $603,083 to $717,900.

This product type comprises a total of 101 lots though only 99 are included in this analysis. The minimum lot size is ±4,500 s.f., or ±45' by 100'.

These lots were developed by Buie Communities from 2006 through 2010 with homes called Chanteclair at 4S Ranch. There are three floor plans and the description of each plan is as follows:

> Plan 1: 2,687 s.f. (up to 2,901 s.f.), two-story, with 3 to 5 bedrooms, formal dining room, loft, 2½ to 3 baths, and 2-car or 3-car tandem garage.
>
> Plan 2: 2,874 s.f. (up to 3,025 s.f.), two-story, with 3 to 6 bedrooms, loft, den, 3 baths, and 2-car or 3-car tandem garage.
>
> Plan 3: 3,080 s.f. (up to 3,281 s.f.), two-story, with 5 to 6 bedrooms, formal dining room, 3 baths, and 2-car or 3-car tandem garage.

Per Assessor data, all 101 homes in this product type range in size from 2,687 s.f. to 3,293 s.f. or an average of 3,023 s.f.

ANALYSIS

Per the spreadsheet on the following pages, the following data is indicated:

- Total A.V. for 99 parcels: $65,493,284
- Average A.V. for 99 parcels: $661,548
- Variance from sale price to A.V.: -4.3% to +5.4%, or avg. of +0.7%

It is noted that of the 4 sales, the 3 standard sales indicate the range of -4.3% to +5.4% and the lender sale indicates -3.5%. Thus, the indicated average variance of +0.7% for this product type is considered to indicate a reasonable relationship between market value and assessed value.

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-641-50-00	2,687	671,625				
678-641-51-00	3,080	671,734				
678-641-52-00	3,025	618,161				
678-641-53-00	3,080	657,813				
678-641-54-00	3,025	649,270				
678-641-55-00	3,281	633,238				
678-642-01-00	2,901	659,573				
678-642-02-00	2,687	683,495				
678-642-03-00	2,874	688,521				
678-642-04-00	3,080	685,957				
678-642-05-00	3,025	683,439				
678-642-07-00	2,901	653,332				
678-642-08-00	3,025	648,647				
678-642-09-00	3,080	713,380				
678-642-10-00	2,901	674,583				
678-642-11-00	3,008	692,997				
678-642-12-00	3,293	690,384				
678-642-13-00	2,901	660,032				
678-642-14-00	3,103	669,302				
678-642-15-00	3,008	694,532				
678-642-16-00	2,901	676,657				
678-642-17-00	3,103	684,415				
678-642-18-00	3,008	658,874				
678-642-19-00	2,901	658,068				
678-642-20-00	3,293	658,143				
678-642-21-00	3,008	640,738				
678-642-22-00	2,901	637,867				
678-642-23-00	3,080	630,007				
678-642-24-00	3,025	625,624				
678-642-25-00	2,901	642,904				
678-642-26-00	3,025	645,624				
678-642-27-00	3,281	654,969				
678-642-28-00	3,025	661,181				
678-642-29-00	3,281	672,664				
678-642-30-00	3,008	643,950				
678-642-31-00	3,281	717,900				
678-642-32-00	3,025	707,900				
678-642-33-00	2,901	698,900				
678-642-34-00	3,293	674,412				
678-642-35-00	3,008	645,950				
678-642-36-00	3,103	675,200				
678-642-37-00	2,927	659,450				
678-642-38-00	3,008	660,950				
678-642-39-00	3,293	660,225				
678-642-40-00	2,927	651,150				
678-642-41-00	3,008	639,950				
678-642-42-00	3,103	647,136				
678-642-43-00	2,927	637,715				
678-642-44-00	3,008	640,587				
678-642-45-00	3,103	660,300				
678-642-46-00	2,927	660,889				
678-643-01-00	2,927	641,796				
678-643-02-00	3,293	650,939				

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-643-03-00	3,008	681,828				
678-643-04-00	2,927	637,715				
678-643-05-00	2,874	671,609				
678-643-06-00	2,901	697,788				
678-643-07-00	3,281	678,846				
678-643-08-00	2,874	668,066				
678-643-09-00	2,901	659,000				
678-643-11-00	3,025	650,000				
678-643-12-00	2,901	687,527				
678-643-13-00	2,901	699,000				
678-643-14-00	2,874	668,492				
678-643-15-00	3,281	660,000				
678-643-16-00	3,025	650,000	Feb-11	Standard	685,000	+5.4%
678-643-17-00	2,901	660,000				
678-643-18-00	3,080	670,000				
678-643-19-00	3,025	650,000				
678-643-20-00	2,901	660,000				
678-643-21-00	3,281	670,000				
678-643-22-00	3,025	650,000				
678-643-23-00	2,901	646,000				
678-643-24-00	3,025	650,000				
678-643-25-00	3,080	670,000				
678-643-26-00	2,901	660,000				
678-643-27-00	3,281	670,000				
678-643-28-00	2,901	639,000				
678-643-29-00	3,025	650,000				
678-643-30-00	3,080	670,000				
678-643-31-00	2,874	637,848				
678-643-32-00	2,913	651,859				
678-643-33-00	3,281	690,304				
678-643-34-00	3,281	670,006				
678-643-35-00	2,901	638,000	Mar-11	Standard	672,000	+5.3%
678-643-36-00	3,025	650,000				
678-643-37-00	3,080	670,000				
678-643-38-00	3,025	675,000				
678-643-39-00	2,687	653,886				
678-643-40-00	2,874	683,495				
678-643-41-00	2,901	641,000				
678-643-42-00	3,080	670,000				
678-643-43-00	2,901	647,841	Sep-11	Lender	625,000	-3.5%
678-643-44-00	3,281	670,000				
678-643-45-00	3,025	650,000				
678-643-46-00	2,901	623,186				
678-643-47-00	3,080	670,000	Feb-12	Standard	641,000	-4.3%
678-643-48-00	3,025	649,856				
678-643-49-00	2,687	603,083				
TOTAL		65,493,284			2,623,000	
NO. PARCELS		99			4	
AVERAGE		661,548			655,750	+0.7%
MINIMUM		603,083				-4.3%
MAXIMUM		717,900				+5.4%

MAP OF EVERGREEN

EVERGREEN

PROPERTY DATA

This product type is located between Ralphs Ranch Rd. and Golden Wagon Ct. north from Albert Ave., and also between Ralphs Ranch Rd. and 4S Ranch Pkwy. north from Eagle Canyon Rd.

This product type is described as Lots 673 through 694, 771 through 790, 812 through 819 & 842 through 855 of County of San Diego Tract No. 5229-3, according to Map No. 15200. The 64 lots comprise Assessor Parcel Nos. 678-660-01 to 22 & 63 to 73 and 678-662-01 to 09, 20 to 27 & 50 to 63, and the assessed values range from $648,000 to $804,112.

This product type comprises a total of 64 lots. The minimum lot size is ±5,000 s.f., or ±50' by 100'.

These lots were developed by K. Hovnanian Homes in late 2006 through early 2008 with 64 homes called Evergreen at 4S Ranch. There are three floor plans and the number and description of each plan is as follows:

> Plan 1 (22): 3,002 to 3,224 s.f., two-story, with 3 to 5 bedrooms, 3½ baths, family room, living room, dining room, nook, loft, and 2-car garage with flex space.
>
> Plan 2 (16): 3,342 to 3,550 s.f., two-story, with 4 to 6 bedrooms, 3½ baths, family room, living room, dining room, nook, loft or office, and 2-car garage with flex space.
>
> Plan 3 (26): 3,447 to 3,777 s.f., two-story, with 4 to 6 bedrooms, 4½ baths, family room, living room, dining room, nook, retreat, bonus room, and 3-car garage.

Per Assessor data, the homes in this product type range in size from 3,002 s.f. to 3,777 s.f. or an average of 3,323 s.f.

ANALYSIS

Per the spreadsheet on the following pages, the following data is indicated:

- Total A.V. for product type: $45,648,079
- Average A.V. for product type: $713,251
- Variance from sale price to A.V.: -11.0% to +3.9%, or avg. of -3.6%

It is noted that of the 3 sales, the standard sale indicates -3.7% and the 2 short sales indicate -11.0% and +3.9%. Thus, since 2 of the 3 sales were short sales, on average the sale prices would tend to be on the conservative side, resulting in the average variance of -3.6% for the product type also being on the conservative side.

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-660-01-00	3,447	705,000				
678-660-02-00	3,342	684,000				
678-660-03-00	3,447	683,000				
678-660-04-00	3,342	683,000				
678-660-05-00	3,342	683,000				
678-660-06-00	3,447	730,000				
678-660-07-00	3,550	713,000				
678-660-08-00	3,224	710,000				
678-660-09-00	3,447	770,000	Feb-12	Short	685,000	-11.0%
678-660-10-00	3,224	707,789				
678-660-11-00	3,447	751,845				
678-660-12-00	3,224	675,000	Oct-11	Standard	650,000	-3.7%
678-660-13-00	3,447	726,000				
678-660-14-00	3,002	648,000				
678-660-15-00	3,447	726,000				
678-660-16-00	3,447	726,000				
678-660-17-00	3,342	683,000				
678-660-18-00	3,447	729,000				
678-660-19-00	3,224	710,000				
678-660-20-00	3,342	705,608				
678-660-21-00	3,447	716,000				
678-660-22-00	3,550	693,000				
678-660-63-00	3,447	684,000				
678-660-64-00	3,342	668,000				
678-660-65-00	3,224	727,830				
678-660-66-00	3,342	753,855				
678-660-67-00	3,447	686,000				
678-660-68-00	3,019	648,000				
678-660-69-00	3,342	682,000				
678-660-70-00	3,447	804,112				
678-660-71-00	3,019	670,000				
678-660-72-00	3,002	716,000				
678-660-73-00	3,224	702,592				
678-662-01-00	3,002	652,000				
678-662-02-00	3,002	768,428				
678-662-03-00	3,342	675,000				
678-662-04-00	3,447	770,000				
678-662-05-00	3,342	714,000				
678-662-06-00	3,447	684,000	Feb-11	Short	711,000	+3.9%
678-662-07-00	3,342	660,000				
678-662-08-00	3,447	769,000				
678-662-09-00	3,342	753,854				
678-662-20-00	3,224	710,000				
678-662-21-00	3,447	772,202				
678-662-22-00	3,002	689,526				
678-662-23-00	3,447	783,931				
678-662-24-00	3,224	723,449				
678-662-25-00	3,002	685,000				
678-662-26-00	3,447	770,000				
678-662-27-00	3,224	710,000				
678-662-50-00	3,447	770,000				
678-662-51-00	3,002	685,000				
678-662-52-00	3,447	747,000				

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-662-53-00	3,342	712,000				
678-662-54-00	3,447	774,058				
678-662-55-00	3,342	712,000				
678-662-56-00	3,447	753,000				
678-662-57-00	3,224	710,000				
678-662-58-00	3,002	685,000				
678-662-59-00	3,447	694,000				
678-662-60-00	3,224	710,000				
678-662-61-00	3,777	700,000				
678-662-62-00	3,002	685,000				
678-662-63-00	3,777	720,000				
TOTAL		45,648,079			2,046,000	
NO. PARCELS		64			3	
AVERAGE		713,251			682,000	-3.6%
MINIMUM		648,000				-11.0%
MAXIMUM		804,112				+3.9%

MAP OF PIENZA

PIENZA

PROPERTY DATA

This product type is located along the easterly side of 4S Ranch Pkwy. extending easterly to Alva Rd., and extending southerly from Richard Rd. to Eagle Canyon Rd. and around the east side of Eagle Canyon Way to near Albert Ave.

This product type comprises Lots 755 through 770, 791 through 811, 820 through 841 & 856 through 866 of County of San Diego Tract No. 5229-3, according to Map No. 15200. The 70 lots consist of Assessor Parcel Nos. 678-661-21 to 47, 678-662-10 to 19, 28 to 49 & 64 to 74, and the assessed values range from $620,000 to $776,235.

This product type comprises a total of 70 lots. The minimum lot size is ±5,000 s.f., or ±50’ by 100’.

These lots were developed by Fieldstone Communities from mid 2007 through late 2009 with 70 homes called Pienza at 4S Ranch. There are three floor plans and the number and description of each plan is as follows:

> Plan 1 (17): 2,901 s.f., two-story, with 3 to 5 bedrooms, 2½-3 baths, den, family room, formal living room, dining room, nook, and a 2-car or 3-car tandem garage; optional loft, study and super family room.
>
> Plan 2 (25): 3,212 s.f., two-story, with 3 to 5 bedrooms, 2½ to 5 baths, tech center, den, family room, formal living room, formal dining room, nook, and 2-car or 3-car tandem garage; optional study, loft and super family room.
>
> Plan 3 (28): 3,365 s.f., two-story, with 4 to 6 bedrooms, 2½ to 6 baths, den, family room, living room, dining room, nook and 2-car or 3-car tandem garage; optional loft, study and super family room.

Per Assessor data, the homes in this product type range in size from 2,901 s.f. to 3,624 s.f. or an average of 3,249 s.f.

ANALYSIS

Per the spreadsheet on the following pages, the following data is indicated:

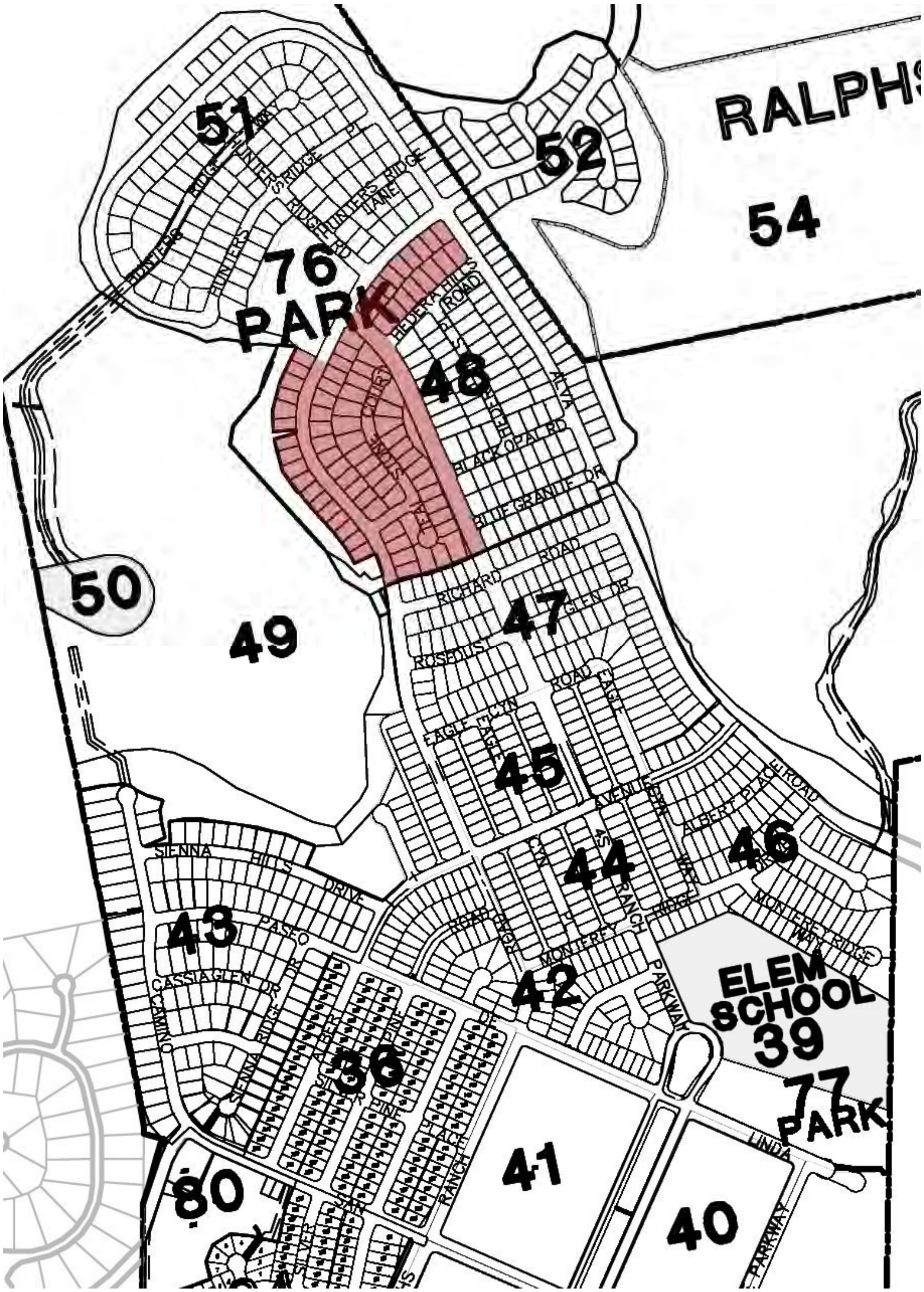
- Total A.V. for product type: $49,349,922
- Average A.V. for product type: $704,999
- Variance from sale price to A.V.: +3.3%

It is noted that there was only 1 standard sale that indicated a variance of +3.3%. While this is a very limited sample for the overall product type, it would tend to be reflective of market value in contrast to assessed value.

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-661-21-00	3,365	700,000				
678-661-22-00	3,368	760,000				
678-661-23-00	3,079	700,000				
678-661-24-00	3,608	770,000				
678-661-25-00	3,368	667,000				
678-661-26-00	3,608	730,000				
678-661-27-00	2,901	676,000				
678-661-28-00	3,212	741,320				
678-661-29-00	2,901	700,000				
678-661-30-00	3,365	700,000				
678-661-31-00	3,212	760,000				
678-661-32-00	3,365	700,000				
678-661-33-00	2,901	663,000				
678-661-34-00	3,212	680,000				
678-661-35-00	3,365	725,000				
678-661-36-00	3,212	680,000				
678-661-37-00	3,212	716,000				
678-661-38-00	2,901	658,000	May-11	Standard	680,000	+3.3%
678-661-39-00	3,365	743,804				
678-661-40-00	2,901	713,649				
678-661-41-00	3,212	774,419				
678-661-42-00	3,365	678,000				
678-661-43-00	3,212	719,000				
678-661-44-00	3,365	683,000				
678-661-45-00	2,901	667,000				
678-661-46-00	3,212	723,701				
678-661-47-00	3,365	740,000				
678-662-10-00	3,624	750,000				
678-662-11-00	3,368	700,000				
678-662-12-00	3,624	749,000				
678-662-13-00	2,901	700,000				
678-662-14-00	3,365	700,000				
678-662-15-00	3,212	776,235				
678-662-16-00	2,901	734,572				
678-662-17-00	3,365	730,000				
678-662-18-00	3,212	750,000				
678-662-19-00	3,365	700,000				
678-662-28-00	3,079	620,000				
678-662-29-00	3,624	735,496				
678-662-30-00	3,368	700,000				
678-662-31-00	3,365	700,000				
678-662-32-00	3,212	697,615				
678-662-33-00	2,901	700,000				
678-662-34-00	3,365	700,000				
678-662-35-00	3,212	750,000				
678-662-36-00	3,365	700,000				
678-662-37-00	2,901	679,027				
678-662-38-00	3,212	740,000				
678-662-39-00	3,212	720,397				
678-662-40-00	3,365	702,006				
678-662-41-00	2,901	647,791				
678-662-42-00	3,212	727,000				
678-662-43-00	3,365	680,000				

APN	SF	AV	SALE DATE	SALE TYPE	PRICE	VAR.-AV
678-662-44-00	3,079	683,484				
678-662-45-00	3,608	700,000				
678-662-46-00	3,212	673,241				
678-662-47-00	3,365	710,000				
678-662-48-00	2,901	642,771				
678-662-49-00	3,368	676,659				
678-662-64-00	3,365	707,000				
678-662-65-00	3,368	668,457				
678-662-66-00	3,069	674,000				
678-662-67-00	3,365	700,000				
678-662-68-00	3,368	715,000				
678-662-69-00	3,608	700,000				
678-662-70-00	3,368	700,582				
678-662-71-00	3,365	679,315				
678-662-72-00	3,212	695,191				
678-662-73-00	2,901	660,940				
678-662-74-00	3,365	705,250				
TOTAL		49,349,922			680,000	
NO. PARCELS		70			1	
AVERAGE		704,999			680,000	+3.3%
MINIMUM		620,000				+3.3%
MAXIMUM		776,235				+3.3%

MAP OF THE PINES



THE PINES (PULTE HOMES)

PROPERTY DATA

Location

This product type is located along both sides of 4S Ranch Pkwy., extending south from Ralphs Ranch Rd., and only on the westerly side of 4S Ranch Pkwy. south of Hedera Hills Rd. and extending south to just north of Richard Rd.

Record Owner/Ownership History

Of the 81 lots in this product type, the special taxes have been prepaid on 10 of the lots and 33 other lots were not categorized as "developed property" since building permits had not been issued as of March 1, 2012. Thus, only 38 lots are included in this appraisal. As of the March 1, 2012 date of value and of the 38 lots included in the appraisal, individual homeowners owned 15 of the lots (Lots 876, 878 to 880, 882, 883, 885, 886, 888, 892, 912, 914 & 937 to 939), and the remaining 23 lots are owned by Pulte Home Corp.

4S Kelwood General Partnership is the master developer of 4S Ranch and originally acquired the land for this community many years ago. The sale of all 81 lots for this product type to Pulte Home Corp. was negotiated in mid-2010 and the first two takedowns totaling 41 lots closed on December 15, 2010 at a price based on $360,000 per finished lot. A third takedown of 12 lots subsequently closed and the remaining takedown of 28 lots is due to close in March 2012.

The sales of the 15 completed homes from Pulte Home Corp. to the homeowners closed from June 24, 2011 through December 28, 2011 at indicated prices ranging from $659,000 to $737,000. Thus far, there have been no resales.

Legal Description

The 81 lots comprising this product type are described as Lots 876 to 939 & 1025 to 1041 of County of San Diego Tract No. 5229-3, according to Map No. 15200; however, the 38 lots included in this appraisal are Lots 876 to 880, 882, 883, 885, 886, 888, 889, 891, 892, 910, 912, 913, 914, 916 to 920, 931 to 935, 937 to 939, 1026 to 1028, 1033, 1034, 1036, 1038, 1039 & 1041.

Assessor Data-2011/12

The 38 lots included in this appraisal comprise Assessor Parcel Nos. 678-663-10 to 14, 16, 17, 19, 21, 22 & 23, 678-664-01, 03, 04, 07, 25, 27, 28, 29, 31 to 35 & 46 to 50, and 678-666-06, 07, 08, 13, 14, 16, 18, 19 & 21. The assessed values of these 38 parcels range from $837 to $338,071 for land and $0 for improvements, with the low end of the range apparently not yet reflecting the sale of certain lots from 4S

Kelwood to Pulte Home Corp. The tax rate area is 64-105 which indicates a current tax rate of 1.04104% excluding special taxes, or an effective tax rate of approximately 2.0% including special taxes for this CFD.

No. of Lots/Lot Sizes

This product type comprises a total of 81 lots, though only 38 of the lots are included in this appraisal. These lots are considered as ±6,000 s.f. minimum, or ±60' by 100'. Many of the lots are wider and/or deeper, but this includes side and/or rear slope areas.

Existing and Planned Development/Status of Construction

The 38 lots included in this appraisal are currently being developed with a product type of homes called The Pines at 4S Ranch. As of the March 1, 2012 date of value, there were 15 completed-sold homes (closed sales), 6 completed-unsold homes (including the 3 models), 3 homes under construction, and 14 vacant lots in near finished condition for which building permits had been issued. Of the 3 homes under construction, 1 was about ±30-40% completed and 2 were in the early foundation stage.

There are three floor plans of homes which are described as follows:

> **Plan 1:** 2,679 s.f., two-story, with 4 bedrooms, 2.5 baths, great room, kitchen, nook, flex space, downstairs laundry, upstairs game room, and a 2½-car garage; optional bedroom 5 & bath 3 in lieu of flex space.
>
> **Plan 2:** 3,000 s.f., two-story, with 4 bedrooms, 3.5 baths, great room, kitchen, nook, den, upstairs game room and laundry, and a 3-car tandem garage; optional bedroom 5/bath 4 and bedroom 6/bath 5 in lieu of den and 3rd-car garage space.
>
> **Plan 3:** 3,262 s.f., two-story, with 5 bedrooms, 4 baths, great room, kitchen, nook, formal dining room, upstairs game room, upstairs laundry, and a 3-car tandem garage; optional bedroom 6 & bath 5 in lieu of 3rd-car garage space.

The mix of the 15 completed-sold homes is 4 of the Plan 1 homes, 6 of the Plan 2 homes and 5 of the Plan 3 homes, and the sizes of these homes, per Building Permit data, results in an average home size of 3,010 s.f. The mix of the 6 completed-unsold homes is 2 of the Plan 1 homes, 1 of the Plan 2 homes (including the optional living area) and 3 of the Plan 3 homes, and Building Permit data indicates an average home size of 3,086 s.f.

VALUATION

Method of Analysis

The analysis of the completed-sold homes is of the aggregate value and on a mass appraisal basis by means of the Sales Comparison Approach. Primary consideration is given to the recent builder sales of The Pines product type, and secondary consideration is given to recent builder sales of The Willows and the Andalusia homes, and recent resales of homes of similar product types elsewhere in 4S Ranch. For the completed-unsold homes, the analysis considers a discount due to the bulk ownership by the builder with the discount reflecting holding/sales costs plus profit in order to sell off the homes.

For the homes under construction, a simplified Cost Approach is used in which the value is based on an estimate of construction costs expended plus the estimated value of the vacant lot as if in finished condition. The analysis of the vacant lots as if in finished condition is based on the Sales Comparison Approach, considering recent sales of residential land or bulk lots from the general area in comparison to the subject property.

Analysis of Completed-Sold Homes

These are the 15 homes for which the builder sales closed from June 24, 2011 through December 28, 2011. The indicated range of sale prices is $659,000 to $737,000 or an average of ±$689,000, reflecting an average home size of 3,010 s.f. If considering all 23 closed builder sales that have taken place, including the 8 parcels that have prepaid the special taxes, the indicated price range is $651,000 to $737,000 or an average of ±$684,000, though for a slightly smaller average home size of 2,987 s.f.

However, if considering only the most recent 13 sales (including 7 that prepaid) that closed from September 2011 and later, the indicated price range is the same, but the average price is slightly lower at ±$676,000 but for a slightly smaller average home size of 2,922 s.f. Thus, the indication at $676,000 supports a firm lower limit as an average for the 15 completed-sold homes due to the larger average size of 3,010 s.f., and the indication at $689,000 would tend to support a close indication to close upper limit as an average for the 15 homes due to the dates of sale for many of those sales.

It is noted that the current price list at the sales office indicates from $653,880 for Plan 1 homes, from $675,880 for Plan 2 homes and from $696,880 for Plan 3 homes, which indicates an average of ±$676,000 for an average size of 2,980 s.f. The average price is the same as for the most recent closed building sales though for a slightly larger average home size.

As previously indicated, there have been no resales of The Pines homes thus far.

VALUATION, Continuing

As to other recent builder sales in the immediate subject area of 4S Ranch, as discussed later for The Willows homes, the indication at $767,000 as an average from the most recent sales and for an average home size of 3,685 s.f. supports a far upper limit for The Pines homes due to being much larger homes and on larger lots. In addition, as discussed later, the most recent sales of the Andalusia homes at an average of $686,000 for an average home size of 2,991 s.f. supports a close indication for the subject homes, due to the fairly similar average home size.

Lastly, recent sales of other similar homes in the Neighborhood Three area of 4S Ranch have been considered, which are located nearby to the south of the subject area. The resales are from the SilverCrest, Rosemary Lane, Silhouette, Maybeck, Chanteclair and Evergreen product types, and the recent builder sales are from the Silhouette product type. The sales are shown in the following table:

No.	Address	Rec. Date	Price	Home Size	Year Built	Lot Size	Remarks
1	17022 Albert Ave.	Escrow	$620,000	3,166	2006	5,654	SilverCrest; average condition; short sale
2	17056 Silver Pine Rd.	9/20/11	$675,000	3,237	2005	5,311	SilverCrest; good condition; standard sale
3	16964 Silver Crest Dr.	1/11/12	$647,500	3,272	2005	4,672	Rosemary Lane; good cond; pool/spa; std sale
4	16970 Silver Pine Rd.	1/11/12	$629,000	2,763	2006	4,500	Rosemary Lane; good cond; view; short sale
5	16944 Silver Crest Dr.	11/3/11	$615,000	2,733	2005	4,275	Rosemary Lane; average condition; short sale
6	17110 Silver Crest Dr.	Escrow	$620,000	2,985	2007	4,754	Silhouette; average condition; short sale
7	17116 Silver Pine Rd.	2/29/12	$650,500	3,169	2006	5,387	Silhouette; good condition; lender sale
8	17127 Silver Crest Dr.	7/19/11	$729,000	3,169	2008	7,689	Silhouette; good condition; standard sale
9	17136 Glen Aspen Ct.	1/18/12	$690,000	3,194	New	6,854	Silhouette; builder sale
10	17112 Glen Aspen Ct.	12/27/11	$623,500	2,559	New	4,613	Silhouette; builder sale
11	10414 Paseo De Linda	12/27/11	$669,000	3,213	New	4,300	Silhouette; builder sale
12	17142 Glen Aspen Ct.	10/28/11	$680,000	3,185	New	6,193	Silhouette; builder sale
13	17135 Glen Aspen Ct.	9/2/11	$645,000	3,070	New	6,112	Silhouette; builder sale
14	17241 4S Ranch Pkwy	12/9/11	$639,000	3,252	2007	5,458	Maybeck; average condition; short sale
15	17320 Albert Ave.	2/3/12	$641,000	3,080	2006	5,752	Chanteclair; average condition; standard sale
16	17344 Albert Ave.	9/9/11	$625,000	2,901	2007	5,821	Chanteclair; average condition; lender sale
17	17204 Ralphs Ranch	2/28/12	$685,000	3,447	2006	6,869	Evergreen; good condition; view; short sale
18	17222 Ralphs Ranch	10/18/11	$650,000	3,224	2006	5,520	Evergreen; good condition; standard sale
			±$652,000	3,090			(Avg.)

It is noted that the average home size of 3,090 s.f. is larger than the average of 3,010 s.f. for the 15 completed-sold subject homes. However, it is also noted that most of these sales are on smaller lots than the 6,000 s.f. minimum of the subject homes, and many of these sales are 5 to 7 years old in contrast to the subject homes being less than a year old. In addition, of these 18 sales, 6 were short sales and 2 were lender sales, which would tend to result in conservative prices due to the conditions of sale and/or the condition of the property which would tend to be inferior to the typical condition of the subject homes. Thus, the indication at an average of $652,000 tends to support a firm lower limit as an average for the subject completed-sold homes.

Considering only the 5 standard sales, not including the builder sales, the indicated average price is $669,000 for an average home size of 3,196 s.f. The larger size than the subject average of 3,010 s.f. is offset by the smaller lot sizes, the age of the homes, and the negative impact within these various product types by the other short and lender sales. Thus, the indication at $669,000 is concluded to support a closer but still firm lower limit indication as an average for The Pines homes.

In summary, the indications of average value for the 15 completed-sold homes support a firm lower limit at $652,000, closer but still firm lower limits at $669,000 and $676,000, a close indication at $686,000, a close indication to close upper limit at $689,000, and a far upper limit at $767,000. The conclusion is an average value of $685,000 for the 15 completed-sold homes.

<u>Analysis of Completed-Unsold Homes</u>

These 6 homes consist of the 3 model homes and 3 production homes, with 2 of the Plan 1 homes, 1 of the Plan 2 homes (with optional living area) and 3 of the Plan 3 homes, or an average home size of 3,086 s.f. It is noted that this is larger than the average size of 3,010 s.f. for the completed-sold homes.

The initial value conclusion is the same as for the completed-sold homes or an average of $685,000, reflecting that a downward adjustment for the slightly smaller average size is offset by an upward adjustment to reflect that 3 of the homes are the highly upgraded models. Then, a discount of 15% is applied to reflect the bulk ownership by the builder, including holding/sales costs plus profit. This discount results in a rounded average of $580,000 for these 6 completed-unsold homes.

<u>Analysis of Homes Under Construction</u>

The 2 homes that were under construction but just in the early foundation stage are allocated value as a vacant lot in finished condition, or $365,000 per lot as discussed next in the analysis of vacant lots.

For the home that was estimated to be ±30-40% completed, I have considered a cost amount of 35% of ±$50.00 per s.f. direct or hard construction costs, or ±$17.50 per s.f. on the home size of 2,679 s.f., or an amount rounded to $50,000. This is added to the estimated value of $365,000 for the vacant lot in finished condition, resulting in a total of $415,000 for this home.

Thus, for the 3 homes under construction, the indication is $730,000 and $415,000, or a total of $1,145,000.

Analysis of Vacant Lots

These are the 14 vacant lots that are in a near finished condition. A search was made for recent sales of bulk single-family lots in the general North San Diego County area, and the pertinent data is discussed and analyzed in the following paragraphs:

Subject Property: As previously indicated, Pulte Homes purchased the 81 lots comprising The Pines product type at a price based on $360,000 per finished lot. The deal was negotiated in mid-2010, with the first takedowns totaling 41 lots closing in December 2010 and the last takedown of 28 lots due to close by the end of March 2012. At time of sale, the projected home pricing was $648,000 to $694,000, say an average of ±$671,000, which is fairly similar to the most recent builder home sales that have averaged close to $680,000. This would indicate that no time adjustment is warranted since this sale was negotiated, though a sale and resale discussed later would support a minor upward time adjustment. Overall, the price of $360,000 per finished lot supports a close indication to close lower limit for the subject at current date.

The Willows: As discussed next, Pulte Homes concurrently purchased the 50 lots comprising The Willows product type at a price based on $385,000 per finished lot. These are 7,000 s.f. minimum lots, and the single takedown of all 50 lots closed in December 2010. At time of sale, the projected home pricing was $730,000 to $790,000, say an average of ±$760,000, which is fairly similar to the most recent home sales that have been at an average of ±$770,000. Considering the larger size of these lots, resulting in the potential for larger and higher-priced homes, this superior factor is more than offsetting to a minor upward time adjustment, resulting in a firm upper limit for the subject at $385,000 per finished lot.

North end Torrey Ranch Ct., nearby to the N/O Torrey Meadows Dr., San Diego: This was a sale of 73 lots in the Torrey Highlands area, ±3,000 s.f. minimum with an average of ±4,500 s.f., which were in near finished condition with a recorded tract map, and a CFD in place. The sale to D.R. Horton took place in a series of takedowns that recorded from August 2009 through April 2011 at a total price of $14,509,155 or $198,756 per lot, based on finished lots at $345,000. The proforma base home pricing at time of purchase was an average of ±$592,500, indicating a finished lot ratio of .58. It is noted that more recent base home pricing was an average of just under $550,000, which indicates a 7.5% reduction from the proforma estimate.

In comparison to the subject, the location is considered to be slightly superior, the minimum lot size is much smaller, the bulk size is effectively similar due to the small size of the phased takedowns, the status of entitlements and physical condition were fairly similar, and the effective tax rate is fairly similar. While there could be a minor upward time adjustment, this is offset by the a minor downward adjustment to reflect the multi-phased takedown structure of the transaction over ±20 months. Overall, the indication at $345,000 per finished lot supports a firm lower limit for the subject, but the indication at a finished lot ratio of .58 supports an upper limit due to being a more marketable/lower-priced product, resulting in the following:

$676,000 x .58 = $392,000/finished lot

S/S Carmel Valley Rd. at Country Villas Pl., San Diego: This was a sale of two sites in the Torrey Highlands area, consisting of a 41-lot site on the south side of Carmel Valley Rd. and a 44-lot site across the open space to the southwest which is on the north side of Torrey Meadows Dr. Both sites were in raw and sloping condition but with final tract maps that were ready to record, with ±5,000 s.f. minimum lots, and a CFD that will result in an effective tax rate of ±1.5%. The north site was planned to be a gated neighborhood of homes ranging in size from 2,796 s.f. to 3,107 s.f., with base pricing starting at ±$800,000. The south site was planned for homes ranging in size from 2,606 s.f. to 2,769 s.f., with base pricing starting at ±$750,000. The sale to Davidson Communities recorded on January 26, 2011 at a price of $14,500,000 or $170,588 per lot, with finished lots estimated at ±$400,000.

In comparison to the subject, the location is considered to be superior, the lots are smaller at 5,000 s.f. minimum but the planned homes were slightly larger and much higher-priced than the subject homes, the bulk size of 85 lots is larger than the subject size of 12 lots though this sale consisted of two separate segments, and the effective tax rate of ±1.5% to future homeowners is lower than for the subject homes. In addition, the raw condition with an approved tract map is inferior to the subject near finished lot condition due to the time and risk to complete approvals and land development work to get to finished lot condition.

Initially, the superior location is evident by the much higher projected home pricing, which is more than offsetting to the smaller lot sizes and inferior physical condition at time of sale, thus supporting a far upper limit for the subject at $400,000 per finished lot. Secondly, estimating an overall average base price of near $800,000 for the Davidson Communities homes, the indicated finished lot ratio is .50 ($400,000 ÷ $800,000). Applying this ratio to the current subject average home pricing of ±$676,000 results in the following:

$676,000 x .50 = $338,000/finished lot

This indication tends to support a lower limit for the subject due to the inferior entitlement status and physical condition.

N/S Torrey Meadows Dr. W/O Camino Del Sur, San Diego: This sale consists of the resale of the south 44-lot site discussed above. It was resold in October 2011 from Davidson Communities to Pulte Homes at a price based on $420,000 per finished lot, and the lots were in a partially finished condition at time of sale. This price reflects a 5% increase which is considered to be partly due to time/market conditions as well as being in a superior physical condition and more ready for construction to commence. Pulte Homes planned to build homes ranging in size from 2,606 s.f. to 2,977 s.f. with pricing from ±$735,000 to $770,000, or fairly similar to what Davidson Communities had originally planned. This results in an indicated finished lot ratio of .56 ($420,000 ÷ $752,500).

The comparison to the subject is similar to the above, resulting in a far upper limit for the subject at $420,000 per finished lot, and a closer indication based on the finished lot ratio of .56 as follows:

$676,000 x .56 = $379,000/finished lot

<u>NW/O Cannon Rd., SW/O College Blvd., Carlsbad:</u> This sale is located in Planning Area 18 of The Foothills master-planned community in the north part of Carlsbad. The transaction comprises 78 lots, 5,000 s.f. minimum size, with a recorded tract map, and that ranged from blue-topped to near finished condition. The sale closed on June 23, 2011 from Brookfield Homes to D.R. Horton at an indicated price of $17,711,000 or $227,064 per lot, with finished lots estimated at ±$300,000. D.R. Horton planned to build a neighborhood of homes called Laurels at The Foothills, with homes ranging in size from 1,998 s.f. to 2,968 s.f. and with base pricing ranging from $534,990 to $599,990 or an average of ±$567,500 which indicates a finished lot ratio of .53. The purchase includes the pay-off of the Assessment District, thus the tax rate to future homeowners is estimated at 1.25% on average.

In comparison to the subject, the general location is considered to be inferior, the lots are smaller at 5,000 s.f. minimum, the bulk size is larger, the entitlement and physical status is fairly similar, but the effective tax rate is much lower. It is noted that the inferior location is evident by the much lower-priced homes that were planned in contrast to the subject home pricing. Overall, considering also a minor upward time adjustment, the indication at $300,000 supports a far lower limit for the subject, and the finished lot ratio of .53 supports a closer indication as follows:

$676,000 x .53 = $358,000/finished lot

In summary, on a finished lot basis, the data supports a far lower limit at $300,000, closer but firm lower limits at $338,000 and $345,000, closer indications from $358,000 to $379,000, firm upper limits at $385,000 and $392,000, and far upper limits at $400,000 and $424,000. The conclusion for the subject lots is $365,000 per finished lot.

Lastly, a deduction is made for the remaining costs to complete to get the vacant lots from as is near finished condition to fully finished condition or “finished lots”. Information provided through the master developer is that the remaining costs are a total of ±$25,000 per lot, which primarily are for street improvements and fees. Thus, deducting this cost estimate from the value conclusion of $365,000 per finished lot results in a value of $340,000 per lot for the as is condition.

<u>Conclusion of Value</u>

Based on the foregoing, the value indication for the subject property in its as is condition, is calculated as follows:

15 completed-sold homes @ $685,000 =	$10,275,000
6 completed-unsold homes @ $580,000 =	$ 3,480,000
3 homes under construction =	$ 1,145,000
14 vacant lots @ $340,000 =	<u>$ 4,760,000</u>
Value Indication, As Is:	$19,660,000

Thus, as the result of this analysis, I have arrived at the following conclusion of aggregate market value for the as is condition of The Pines product type, subject to the Assumptions and Limiting Conditions, and as of March 1, 2012:

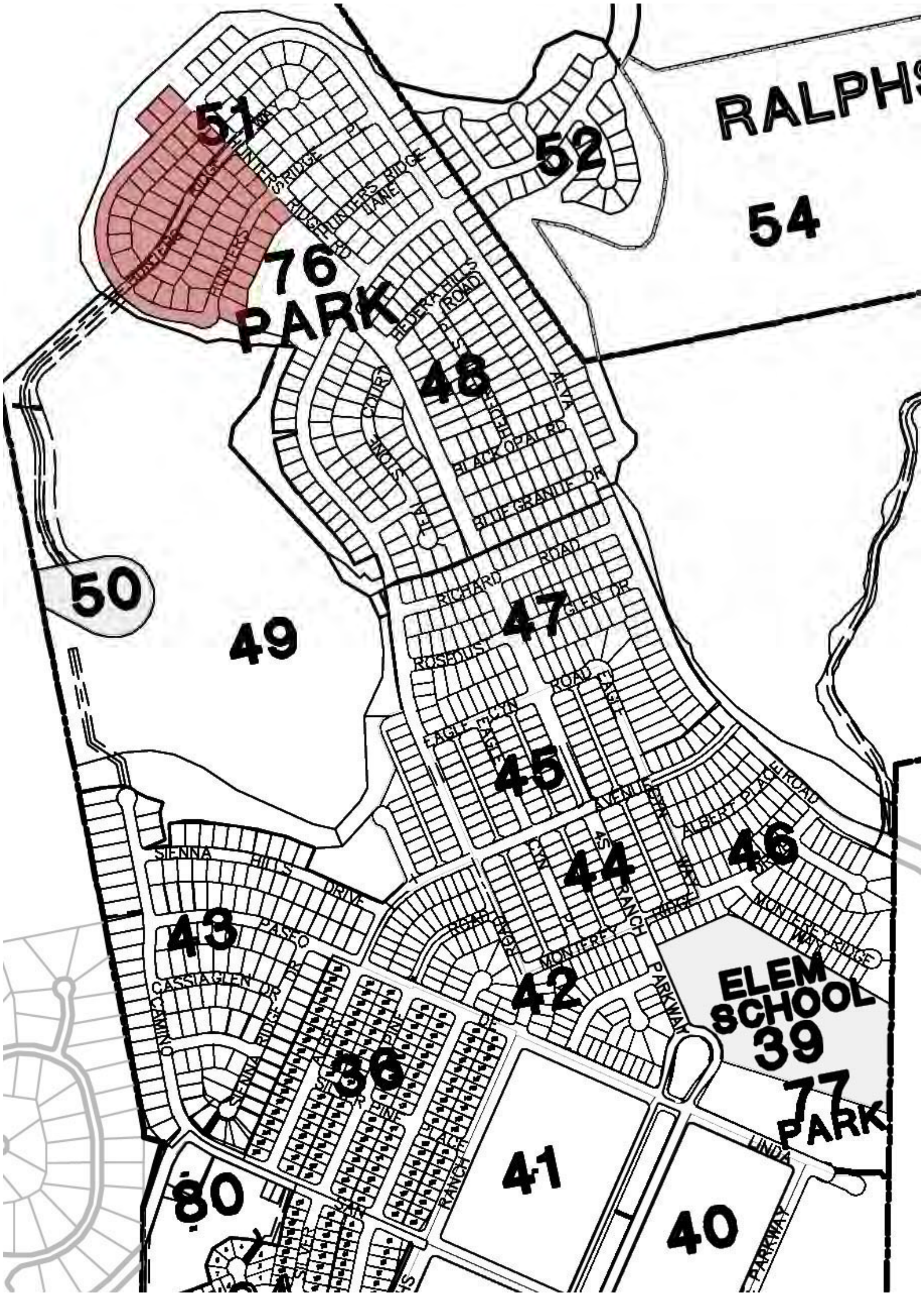
$19,660,000

(NINETEEN MILLION SIX HUNDRED SIXTY THOUSAND DOLLARS)

Then, the overall value conclusion is allocated to the individual owners (completed-sold homes) and the builder ownership (completed-unsold homes, homes under construction and vacant lots) as follows:

Ownership	Market Value
Individual Owners:	$10,275,000
Builder Ownership:	$ 9,385,000
	$19,660,000

MAP OF THE WILLOWS



THE WILLOWS (PULTE HOMES)

PROPERTY DATA

Location

This product type is located southwesterly of Hunter's Ridge Rd. extending southerly from the north side of Alva Rd. to the southerly side of Hunter's Ridge Pl.

Record Owner/Ownership History

Of the 50 lots in this product type, the special taxes have been prepaid on 12 of the lots, thus only 38 lots are included in this appraisal. As of the March 1, 2012 date of value and of the 38 lots included in the appraisal, individual homeowners owned 13 of the lots (Lots 1105, 1106, 1109, 1121, 1122, 1125, 1127, 1130, 1131, 1134, 1136, 1152 & 1153), and the remaining 25 lots are owned by Pulte Home Corp.

4S Kelwood General Partnership is the master developer of 4S Ranch and originally acquired the land for this community many years ago. The sale of these 50 lots to Pulte Home Corp. was negotiated in mid-2010 and closed on December 15, 2010 at a price based on $385,000 per finished lot.

The sales of the 13 completed homes from Pulte Home Corp. to the homeowners closed from June 22, 2011 through October 28, 2011 at indicated prices ranging from $728,000 to $872,000. Thus far there have been no resales.

Legal Description

The 50 lots comprising this product type are described as Lots 1105 to 1154 of County of San Diego Tract No. 5229-3, according to Map No. 15200; however, the 38 lots included in this appraisal are Lots 1105, 1106, 1108 to 1122, 1125, 1127, 1129, 1130, 1131, 1134, 1136, 1137, 1138, 1140, 1141, 1143 to 1150, 1152 & 1153.

Assessor Data-2011/12

The 38 lots included in this appraisal comprise Assessor Parcel Nos. 678-666-33 to 36, 38 & 39, 678-667-53 & 54, and 678-668-01 to 15, 18, 20, 22, 23, 24, 27, 29, 30, 31, 33, 34 & 36 to 39. The assessed value of each of these 38 parcels is $345,529. The tax rate area is 64-105 which indicates a current tax rate of 1.04104% excluding special taxes, or an effective tax rate of approximately 2.0% including special taxes for this CFD.

No. of Lots/Lot Sizes

This product type comprises a total of 50 lots, though only 38 of the lots are included in this appraisal. These lots are considered as ±7,000 s.f. minimum, or ±70' by 100', and while many of the lots are wider and/or deeper this includes side and/or rear slope areas.

Existing and Planned Development/Status of Construction

The 38 lots included in this appraisal are currently being developed with a product type of homes called The Willows at 4S Ranch. As of the March 1, 2012 date of value, there were 13 completed-sold homes (closed sales), 4 completed-unsold homes (including the 3 models), and 21 vacant lots in near finished condition and for which building permits had been issued.

There are three floor plans of homes which are described as follows:

Plan 1: 3,345 s.f., two-story, with 4 bedrooms, 3 baths, great room, kitchen, nook, formal dining room, upstairs game room and laundry, covered front porch and a 3-car tandem garage; optional bedroom 5 & bath 4 in lieu of 3rd-car garage space.

Plan 2: 3,690 s.f., two-story, with 5 bedrooms, 4 baths, great room, kitchen, nook, formal dining room, downstairs study, upstairs game room and laundry, and a 3-car tandem garage; optional bedroom 6 & ½ bath in lieu of 3rd-car garage space.

Plan 3: 3,986 s.f., two-story, with 5 bedrooms, 4½ baths, great room, kitchen, nook, dining room, downstairs study, upstairs game room and laundry, and a 3-car tandem garage with storage space; optional bedroom 6 in lieu of 3rd-car garage space.

The mix of the 13 completed-sold homes is 5 of the Plan 1 homes, 3 of the Plan 2 homes and 5 of the Plan 3 homes, resulting in an average home size of 3,692 s.f. The mix of the 4 completed-unsold homes is 2 of the Plan 1 homes and 1 each of the Plan 2 and 3 homes, resulting in an average home size of 3,596 s.f.

VALUATION

Method of Analysis

This is similar to The Pines.

Analysis of Completed-Sold Homes

These are the 13 homes for which the builder sales closed from June 22, 2011 through October 28, 2011. The indicated range of sale prices is $728,000 to $872,000 or an average of ±$799,000, reflecting an average home size of 3,692 s.f. If considering all 23 closed builder sales that have taken place, including the 10 parcels that have prepaid the special taxes, the indicated price range is $715,500 to $872,000 or a much lower average of ±$783,000, but for a fairly similar average home size of 3,688 s.f.

However, if considering only the most recent 14 sales (including 7 that prepaid) that closed from late September 2011 and thereafter, the indicated price range is $715,500 to $860,500 or an average of ±$773,000 and for a slightly smaller average home size of 3,658 s.f. Furthermore, considering the most recent 6 sales (including 4 that prepaid) that closed from late October 2011 and thereafter, the indicated price range is $715,500 to $860,500 or an average of ±$767,000 and for an average home size of 3,685 s.f.

Thus, this data tends to indicate a softening in prices from the earlier sales in June through September 2011 in contrast to the more recent sales in October 2011 through the most recent sale in late January 2012. As a result, the indication at $767,000 supports a close indication to close lower limit as an average for the 13 completed-sold homes due to the slightly smaller average size. However, the indications at $773,000, $783,000 and $799,000 support firm to far upper limits as an average for the 13 completed-sold homes due to the dates of the sales being more than offsetting to the smaller average home sizes of the two lower average price indications.

It is noted that the current price list at the sales office indicates from $722,880 for Plan 1 homes, from $742,880 for Plan 2 homes and from $770,880 for Plan 3 homes, which indicates an average of ±$746,000 for an average size of 3,674 s.f. This tends to support a firm lower limit as an average for the 13 completed-sold homes due to the smaller average home size, and since this reflects base pricing.

As previously indicated, there have been no resales of The Willows homes thus far.

As to other recent builder sales in the subject area of 4S Ranch, as previously discussed for The Pines homes, the indication at $676,000 as an average from the most recent sales and for an average home size of 2,922 s.f. supports a far lower limit for The Willows homes due to being much smaller homes and on smaller lots. Similarly, the most recent sales of the Andalusia homes, as discussed later, also support a far lower limit at an average of $686,000 due to the much smaller average home size of 2,991 s.f. Lastly, the most recent sales of the Monteluz homes, also discussed later, at an average of $761,000 for an average size of 3,442 s.f. tends to support a close lower limit for the subject homes due to the smaller size.

Lastly, and similar to the previous analysis of The Pines homes, recent sales of other similar homes in the Neighborhood Three area of 4S Ranch have been considered. The resales are from the Reunion, Travata, SilverCrest, Rosemary Lane, Silhouette and Evergreen product types, and the recent builder sales are from the Silhouette product type. The sales are shown in the following table:

VALUATION, Continuing

No.	Address	Rec. Date	Price	Home Size	Year Built	Lot Size	Remarks
1	10229 Sienna Hills Dr.	Escrow	$725,000	3,574	2006	6,487	Reunion; good condition; standard sale
2	10229 Paseo De Linda	12/30/11	$735,000	4,150	2005	6,928	Reunion; good condition; short sale
3	10252 Paseo De Linda	12/28/11	$700,000	4,150	2005	6,710	Reunion; good condition; short sale
4	10221 Paseo De Linda	11/15/11	$750,000	4,414	2005	6,923	Reunion; good condition; short sale
5	10225 Paseo De Linda	8/31/11	$725,000	3,823	2006	6,937	Reunion; good condition; lender sale
6	17051 Sienna Ridge Dr.	2/16/12	$625,000	3,729	2006	6,342	Travata; average condition; short sale
7	17039 Sienna Ridge Dr.	12/30/11	$662,000	3,606	2005	6,342	Travata; good condition; short sale
8	17003 Sienna Ridge Dr.	12/20/11	$675,000	3,729	2005	8,642	Travata; average condition; short sale
9	17039 Silver Pine Rd.	9/30/11	$660,000	3,431	2005	5,689	SilverCrest; average condition; standard sale
10	17056 Silver Pine Rd.	9/20/11	$675,000	3,237	2005	5,311	SilverCrest; good condition; standard sale
11	16964 Silver Crest Dr.	1/11/12	$647,500	3,272	2005	4,672	Rosemary Lane; good cond; pool/spa; std sale
12	17127 Silver Crest Dr.	7/19/11	$729,000	3,169	2008	7,689	Silhouette; good condition; standard sale
13	17136 Glen Aspen Ct.	1/18/12	$690,000	3,194	New	6,854	Silhouette; builder sale
14	10414 Paseo De Linda	12/27/11	$669,000	3,213	New	4,300	Silhouette; builder sale
15	17142 Glen Aspen Ct.	10/28/11	$680,000	3,185	New	6,193	Silhouette; builder sale
16	17204 Ralphs Ranch	2/28/12	$685,000	3,447	2006	6,869	Evergreen; good condition; view; short sale
17	17222 Ralphs Ranch	10/18/11	$650,000	3,224	2006	5,520	Evergreen; good condition; standard sale
			±$687,000	3,562			(Avg.)

It is noted that the average home size of 3,562 s.f. is smaller than the average of 3,692 s.f. for the 13 completed-sold subject homes. However, it is also noted that most of these sales are on smaller lots than the 7,000 s.f. minimum of the subject homes, and many of these sales are 6 to 7 years old in contrast to the subject homes being less than a year old. In addition, of these 17 sales, 7 were short sales and 1 was a lender sale, which would tend to result in conservative prices due to the conditions of sale and/or the condition of the property which would tend to be inferior to the typical condition of the subject homes. Thus, for all of these inferior factors, the indication at an average of $687,000 supports a far lower limit as an average for the subject completed-sold homes.

As a closer indication but still firm lower limit for the subject homes, Data No. 1 is a standard sale and a current escrow which indicates the price of $725,000 for a 3,574 s.f. home, which is smaller than the average of the subject homes and on a smaller lot. In addition, Data No. 12 was a standard sale of a 3,169 s.f. home that included upgrades and was on a relatively larger lot, and indicated the price of $729,000. This also supports a closer but still firm lower limit as an average for the subject homes.

In summary, the indications of average value for the 13 completed-sold homes support far lower limits at $676,000 to $687,000, closer but still firm lower limits at $725,000 to $746,000, a close indication to close lower limit at $767,000, and firm to far upper limits from $773,000 to $799,000. Considering the limited number of recent builder sales, and the limited amount of current home construction, the conclusion is on the conservative side, or a conclusion of $760,000 as an average for the 13 completed-sold homes.

Analysis of Completed-Unsold Homes

These 4 homes consist of 1 production home and the 3 model homes, with the mix being 2 of the Plan 1 homes and 1 each of the Plan 2 and 3 homes, resulting in an average home size of 3,596 s.f. It is noted that this is smaller than the average size of 3,692 s.f. for the completed-sold homes due to the greater percentage of the Plan 1 homes.

The initial value conclusion is the same as for the completed-sold homes or an average of $760,000, reflecting that a downward adjustment for the smaller average size is offset by an upward adjustment to reflect that 3 of the homes are the highly upgraded models. Then, a discount of 15% is applied to reflect the bulk ownership by the builder, including holding/sales costs plus profit. This discount results in a rounded average of $650,000 for these 4 completed-unsold homes.

Analysis of Vacant Lots

These are the 21 vacant lots that are in a near finished condition. The analysis is similar to The Pines, though considering that these are larger lots at ±7,000 s.f. minimum and are being developed with larger and higher-priced homes. Thus, on a finished lot basis, the data supports far lower limits from $300,000 to $345,000, closer but firm lower limit indications at $358,000 and $360,000, a close indication to close lower limit at $385,000, and firm to far upper limits at $400,000 and $424,000. In addition, considering a supportable finished lot ratio in the range of .50 to .54, the indication for the subject is as follows:

$760,000 x .50 to .54 = $380,000 to $410,000/finished lot

The conclusion for the subject lots is $390,000 per finished lot.

Lastly, a deduction is made for the remaining costs to complete to get the vacant lots from as is near finished condition to fully finished condition or "finished lots". This is the same as for The Pines, thus a deduction of ±$25,000 per lot is made, resulting in a value of $365,000 per lot for the as is condition.

VALUATION, Continuing

Conclusion of Value

Based on the foregoing, the value indication for the subject property in its as is condition, is calculated as follows:

13 completed-sold homes @ $760,000 =	$ 9,880,000
4 completed-unsold homes @ $650,000 =	$ 2,600,000
21 vacant lots @ $365,000 =	$ 7,665,000
Value Indication, As Is:	$20,145,000

Thus, as the result of this analysis, I have arrived at the following conclusion of aggregate market value for the as is condition of The Willows product type, subject to the Assumptions and Limiting Conditions, and as of March 1, 2012:

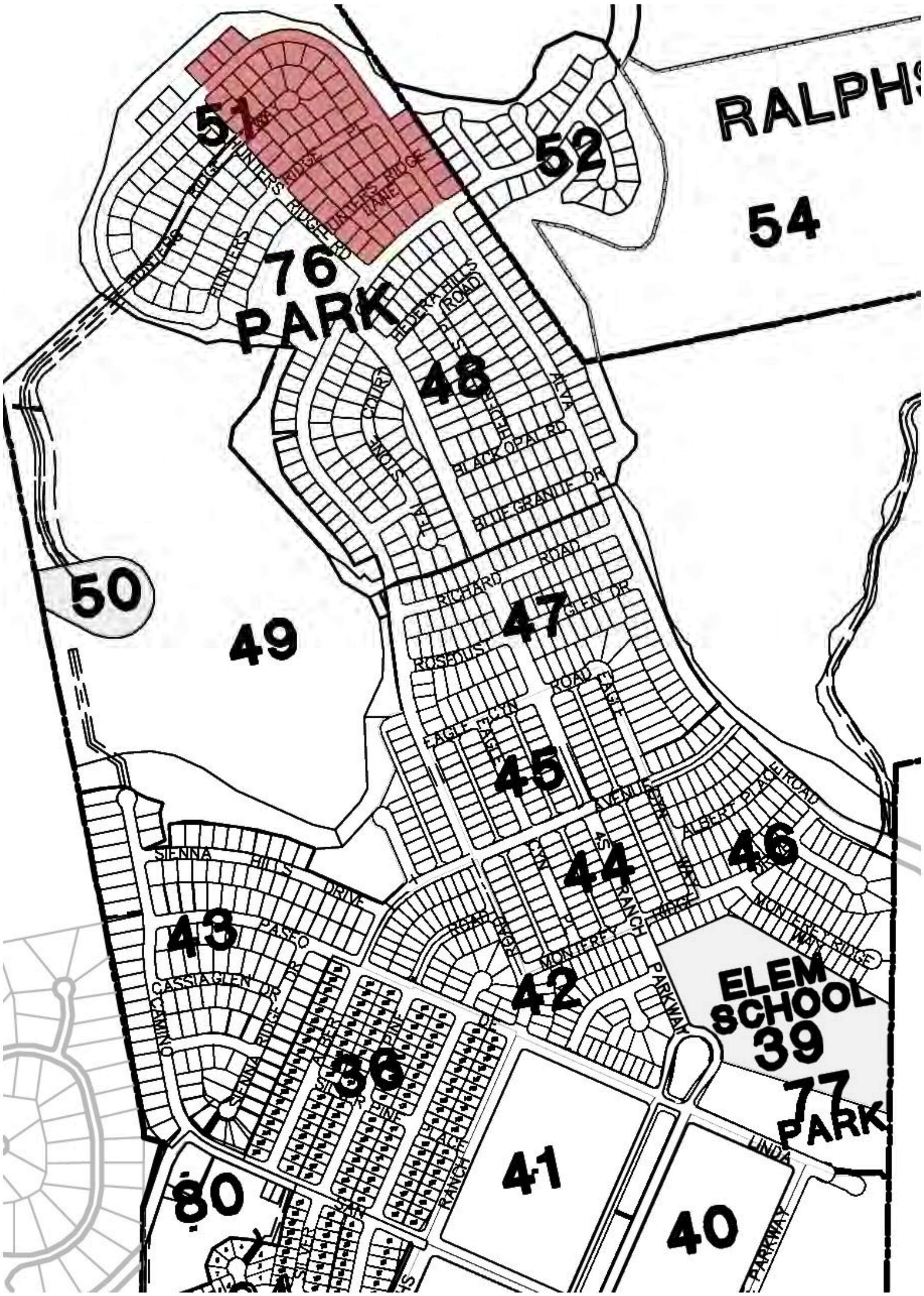
$20,145,000

(TWENTY MILLION ONE HUNDRED FORTY-FIVE THOUSAND DOLLARS)

Then, the overall value conclusion is allocated to the individual owners (completed-sold homes) and the builder ownership (completed-unsold homes, homes under construction and vacant lots), resulting in the following:

Ownership	Market Value
Individual Owners:	$ 9,880,000
Builder Ownership:	$10,265,000
	$20,145,000

MAP OF MONTELUZ



MONTELUZ (CALIFORNIA WEST COMMUNITIES)

PROPERTY DATA

Location

This tract is located along the northeast side of Hunters Ridge Rd. extending northerly from Ralphs Ranch Rd. to Alva Rd.

Record Owner/Ownership History

Of the 63 lots in this product type, the special taxes have been prepaid on 3 of the lots, thus only 60 lots are included in this appraisal. As of the March 1, 2012 date of value, all of the homes in this product type were completed and sold to individual homeowners.

The sale of these 63 lots from 4S Kelwood General Partnership to California West Communities was negotiated in mid-2008, with the first takedown of 30 lots closing on November 4, 2008 and the second takedown of the remaining 33 lots closing on December 18, 2009, both at the price reflecting $230,000 per finished lot.

The sales of the 63 completed homes from California West Communities to the homeowners closed from May 4, 2010 through September 1, 2011 at indicated prices ranging from $650,000 to $868,000. Thus far there have been no resales.

Legal Description

The 63 lots comprising this product type are described as Lots 1042 to 1104 of County of San Diego Tract No. 5229-3, according to Map No. 15200; however, the 60 lots included in this appraisal are Lots 1042 to 1066, 1068 to 1071, 1073 to 1092, and 1094 to 1104.

Assessor Data-2011/12

The 60 lots included in this appraisal comprise Assessor Parcel Nos. 678-666-22 to 32, 678-667-01 to 14, 16 to 19, 21 to 40 & 42 to 52. The assessed values of these 60 parcels range from $110,511 to 820,787, or an average of $519,721. The tax rate area is 64-105 which indicates a current tax rate of 1.04104% excluding special taxes, or an effective tax rate of approximately 2.0% including special taxes for this CFD.

No. of Lots/Lot Sizes

This product type comprises a total of 63 lots, though only 60 of the lots are included in this appraisal. These lots are considered as ±7,000 s.f. minimum, or ±70’ by 100’, and while many of the lots are wider and/or deeper this includes side and/or rear slope areas.

Existing Development

The 60 lots included in this appraisal have been developed with a product type of homes called Monteluz at 4S Ranch. As of the March 1, 2012 date of value all of the homes were complete and had been sold and closed to individual homeowners.

There are three floor plans of homes which are described as follows:

Plan 1: 2,566 s.f., single story, with 3 to 4 bedrooms, 2½ baths, office, optional crafts room, family room, formal dining room, nook and a 2- or 3-car garage.

Plan 2: 3,508 to 3,690 s.f., two-story, with 4 to 6 bedrooms, 3 to 4 baths, bonus room, optional crafts room, office, great room, formal dining room, nook and a 2-car or 3-car tandem garage.

Plan 3: 3,780 to 3,949 s.f., two- story, with 5 to 7 bedrooms, 4½ to 5½ baths, bonus room, optional office or crafts room, family room, living room, dining room, nook and 2-car or 3-car tandem garage.

The mix of the 60 completed-sold homes is 12 of the Plan 1 homes, 22 of the Plan 2 homes and 26 of the Plan 3 homes, resulting in an average home size of 3,447 s.f.

VALUATION

Method of Analysis

This is similar to previous analyses of completed-sold homes.

Analysis of Completed-Sold Homes

These are the 60 homes for which the builder sales closed from May 5, 2010 through September 1, 2011. The indicated range of sale prices is $650,000 to $868,000 or an average of ±$748,000, reflecting an average home size of 3,447 s.f. If considering all 63 closed builder sales that have taken place, including the 3 parcels that have prepaid the special taxes, the indicated range of prices is $650,000 to $868,000 or a fairly similar average of ±$747,000 for a slightly larger average home size of 3,458 s.f.

If considering the most recent 24 sales that closed from January 2011 and thereafter, the indicated price range is $650,000 to $868,000 or the slightly higher average of ±$761,000 but for the slightly smaller average home size of 3,442 s.f. Considering the slightly higher average price but a slightly smaller home size, the indication is that prices increased slightly from 2010 to 2011. Thus, the indications at $747,000 and $748,000 tend to support firm lower limits as an average for the 60 completed-sold homes, and the indication at $761,000 supports a close indication to close lower limit due to the slightly smaller average home size at 3,442 s.f. in contrast to the average of 3,447 s.f. for the 60 homes.

As previously indicated, there have been no resales of the Monteluz homes thus far. However, there had been one active listing as of March 1, 2012 which was a Plan 2 home with 3,525 s.f. that was listed at an asking price in the range of $799,900 to $839,900. It was listed in late November 2011 and was subsequently withdrawn, thus supporting that the asking price was well above market.

As to other recent builder sales in the subject area of 4S Ranch, as previously discussed for The Pines homes, the indication at $676,000 as an average from the most recent sales and for an average home size of 2,922 s.f. supports a far lower limit due to the much smaller homes and on smaller lots. In addition, as previously discussed, the most recent sales of The Willows homes at an average of $767,000 for an average home size of 3,685 s.f. supports a firm upper limit for the subject homes due to the larger average home size, though on similar size lots. Further, as discussed next, the most recent sales of the Andalusia homes at an average of $686,000 for an average home size of 2,991 s.f. supports a far lower limit for the subject homes due to the much smaller homes.

Lastly, the recent resales of other similar homes in 4S Ranch that were discussed for The Willows are also considered for the subject Monteluz homes. As previously indicated, the tabulation of the 17 home sales indicated an average price of ±$687,000 for an average home size of 3,562 s.f. It is noted that this size is slightly larger than the average size of 3,447 s.f. for the 60 completed-sold subject homes. However, it is also noted that most of these sales are on smaller lots than the 7,000 s.f. minimum of the subject homes, and many of these sales are 6 to 7 years old in contrast to the subject homes being 1 to 2 years old. In addition, 8 of the 17 sales were either short or lender sales which would tend to result in conservative prices. Thus, the indication at an average of $687,000 supports a far lower limit as an average for the subject completed-sold homes.

As a closer indication but still firm lower limit for the subject homes, Data No. 1 is a standard sale and a current escrow which indicates the price of $725,000 for a 3,574 s.f. home on a 6,487 s.f. lot, which is a slightly larger home than the average of the subject homes but on a smaller lot. In addition, Data No. 12 was a standard sale of a 3,169 s.f. home that included upgrades and was on a relatively larger lot of 7,689 s.f., and indicated the price of $729,000. This also supports a closer but still firm lower limit as an average for the subject homes.

In summary, the indications of average value for the 60 completed-sold homes support far lower limits from $676,000 to $687,000, closer but still firm lower limits from $725,000 to $748,000, a close indication to close lower limit at $761,000, a firm upper limit at $767,000, and a far upper limit at $799,900.

In summary, I have concluded on an average value of $760,000 which results in the following:

60 completed-sold homes @ $760,000 = $45,600,000

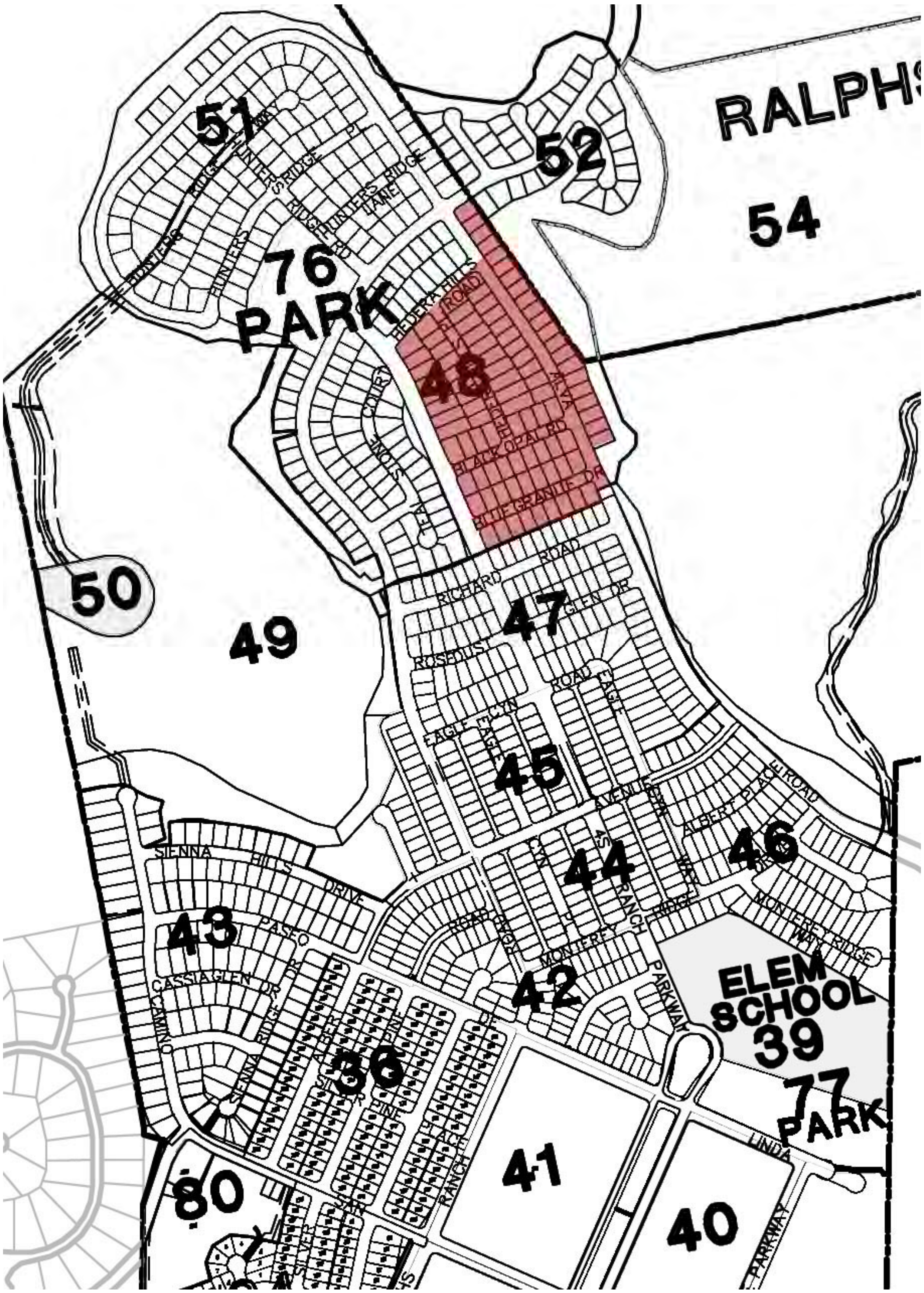
Conclusion of Value

Thus, as the result of this analysis, the following conclusion of market value has been arrived at for the Monteluz product type, subject to the Assumptions and Limiting Conditions, and as of March 1, 2012:

$45,600,000

(FORTY-FIVE MILLION SIX HUNDRED THOUSAND DOLLARS)

MAP OF ANDALUSIA



ANDALUSIA (CALIFORNIA WEST COMMUNITIES)

PROPERTY DATA

Location

This tract is located along the easterly side of 4S Ranch Pkwy., extending south from Hedera Hills Rd. to Blue Granite Dr., and extending easterly to Alva Rd.

Record Owner/Ownership History

Of the 94 lots in this product type, the special taxes have been prepaid on 4 of the lots, thus only 90 lots are included in this appraisal. As of the March 1, 2012 date of value and of the 90 lots included in the appraisal, individual homeowners owned 71 of the lots (Lots 867 to 875, 941 to 952, 958 to 961, 967, 969 to 974, 976, 977, 979, 987, 989, 990, 992 to 1024), and Assessor data indicates that the remaining 19 lots are owned by California West Communities (who hold title as CWV 94 LLC).

The sale of these 94 lots from 4S Kelwood General Partnership to California West Communities was negotiated in mid-2008, with the first takedown of 30 lots closing on October 16, 2008 and the last takedown of 20 lots closing on December 16, 2010, at a price for all lots based on $218,000 per finished lot.

The sales of the 71 completed homes from California West Communities to the homeowners closed from May 5, 2010 through February 28, 2012 at indicated prices ranging from $626,000 to $751,000. Thus far there have been no resales.

Legal Description

The 94 lots comprising this product type are described as Lots 867 to 875 & 940 to 1024 of County of San Diego Tract No. 5229-3, according to Map No. 15200; however, the 90 lots included in this appraisal are Lots 867 to 875, 941 to 974, 976 to 985, 987 to 990 and 992 to 1024.

Assessor Data-2011/12

The 90 lots included in this appraisal comprise Assessor Parcel Nos. 678-663-01 to 09 & 25 to 44, 678-665-01 to 17, 19 to 28, 30, 31, 32, 33 & 35 to 60, and 678-666-01 to 04. The assessed values of these 90 parcels range from $105,846 to 750,751, or an average of $489,239. The tax rate area is 64-105 which indicates a current tax rate of 1.04104% excluding special taxes, or an effective tax rate of approximately 2.0% including special taxes for this CFD.

PROPERTY DATA, Continuing

No. of Lots/Lot Sizes

This product type comprises a total of 94 lots, though only 90 of the lots are included in this appraisal. These lots are considered as ±6,000 s.f. minimum, or ±60' by 100', and while many of the lots are wider and/or deeper this includes side and/or rear slope areas.

Existing and Planned Development/Status of Construction

The 90 lots included in this appraisal are currently being developed with a product type of homes called Andalusia at 4S Ranch. As of the March 1, 2012 date of value, there were 71 completed-sold homes (closed sales), 9 completed-unsold homes (including the 4 models), and 10 homes under construction that were estimated to be ±70-80% completed.

There are four floor plans of homes which are described as follows:

> **Plan 1:** 2,222 s.f., single-story, with 3 bedrooms, 3 baths, great room, kitchen, nook, formal dining room, office, and a 2-car garage plus storage space; optional bedroom 4 in lieu of office.
>
> **Plan 2:** 2,842-3,037 s.f., two-story, with 4 bedrooms, 3 baths, family room, kitchen, nook, living room, upstairs bonus room, downstairs laundry and a 3-car tandem garage; optional bedroom 5/bath 4, bedroom 6/bath 5 and office in lieu of 3rd-car tandem space, bonus room and bedroom 4.
>
> **Plan 3:** 3,114-3,226 s.f., two-story, with 4 bedrooms, 3 baths, great room, kitchen, nook, dining room, upstairs bonus room, downstairs laundry, and a 3-car tandem garage; optional master retreat, office, and 2nd upstairs master suite in lieu of 3rd-car garage space, bedroom 4 and bonus room.
>
> **Plan 4:** 3,303-3,486 s.f., two-story, with 4 bedrooms, 3 baths, family room, kitchen, nook, living/dining room, downstairs office, upstairs bonus room & laundry, and a 3-car tandem garage; optional craft room and bedroom 5 in lieu of 3rd-car tandem space and office.

The mix of the 71 completed-sold homes is 10 of the Plan 1 homes, 23 of the Plan 2 homes, 15 of the Plan 3 homes and 23 of the Plan 4 homes, resulting in an average home size of 2,966 s.f. The mix of the 9 completed-unsold homes is 2 of the Plan 1 homes, 3 of the Plan 2 homes, 2 of the Plan 3 homes and 2 of the Plan 4 homes, resulting in an average home size of 2,867 s.f.

VALUATION

Method of Analysis

This is similar to previous analyses.

Analysis of Completed-Sold Homes

These are the 71 homes for which the builder sales closed from May 5, 2010 through February 28, 2012. The indicated range of sale prices is $626,000 to $751,000 or an average of ±$679,000, reflecting an average home size of 2,966 s.f. If considering all 75 closed builder sales that have taken place, including the 4 parcels that have prepaid the special taxes, the indicated price range and average price are unchanged, but for a slightly larger average size of 2,975 s.f.

If considering only the 27 sales (including 3 that prepaid) that closed from January 2011 and thereafter, the indicated price range is $638,800 to $751,000 or the slightly higher average of ±$686,000 but for the slightly larger average home size of 2,991 s.f. Furthermore, considering the most recent 8 sales (including 3 that prepaid) that closed from September 2011 and thereafter, the indicated price range is $645,000 to $735,000 or a slightly higher average price of ±$689,000 but for a much larger average home size of 3,164 s.f.

Thus, this data tends to indicate that prices have been fairly flat over the past several years. As a result, the indication at $679,000 tends to support a close indication as an average for the 71 completed-sold homes, and the indications at $686,000 and $689,000 support firm upper limits due to the larger average home sizes than the 71 completed-sold homes.

It is noted that the current price list at the sales office indicates from $635,900 for Plan 1 homes and from $651,900 for Plan 2 homes, with Plan 3 and 4 homes being sold out, which indicates an average of ±$644,000 for an average size of 2,532 s.f. Due to only reflecting Plan 1 and 2 homes, this indication supports a far lower limit as an average for the 71 completed-sold homes. It is also noted that the listed pricing for the model homes is $699,900 for Plan 1, $760,900 for Plan 2, $767,900 for Plan 3 and $797,900 for Plan 4, which indicates an average of ±$757,000 for an average size of 2,947 s.f. Since this pricing is of the highly upgraded model homes, the indication at $757,000 supports a far upper limit as an average for the 71 completed-sold homes.

As previously indicated, there have been no resales of the Andalusia homes thus far.

As to other recent builder sales in the subject area of 4S Ranch, as previously discussed for The Pines homes, the indication at $676,000 as an average from the most recent sales and for an average home size of 2,922 s.f. supports a close but firm lower limit due to the smaller average home size than the average of 2,966 s.f. for the 71 subject homes. In addition, as previously discussed, the most recent sales of The Willows homes at an average of $767,000 for an average home size of 3,685 s.f. supports a far upper limit for the subject homes due to the much larger home size as well as being on larger lots.

Lastly, the recent resales of other similar homes in 4S Ranch that were discussed for The Pines are also considered for the subject Andalusia homes. As previously indicated, the tabulation of the 18 home sales indicated an average price of ±$652,000 for an average home size of 3,090 s.f. It is noted that this size is slightly larger than the average size of 2,966 s.f. for the 71 completed-sold subject homes. However, it is also noted that many of these sales are on smaller lots than the 6,000 s.f. minimum of the subject homes, and many of these sales are 6 to 7 years old in contrast to the subject homes being 1 to 2 years old. In addition, 8 of the 18 sales were either short or lender sales which would tend to result in conservative prices. Thus, the indication at an average of $652,000 supports a far lower limit as an average for the subject completed-sold homes.

Considering only the 5 standard sales, not including the builder sales, the indicated average price is $669,000 for an average home size of 3,196 s.f. The much larger size than the subject average of 2,966 s.f. is offset by the smaller lot sizes, the age of the homes, and the negative impact within these various product types by the other short and lender sales. Thus, the indication at $669,000 is concluded to support a closer but still firm lower limit indication as an average for the Andalusia homes.

In summary, the indications of average value for the 71 completed-sold homes support far lower limits at $644,000 and $652,000, close but firm lower limits at $669,000 and $676,000, a close indication at $679,000, firm upper limits at $686,000 and $689,000, and far upper limits at $757,000 and $767,000. The conclusion is an average value of $680,000 for the 71 completed-sold homes.

Analysis of Completed-Unsold Homes

These 9 homes consist of 5 production homes and the 4 model homes, with the mix being 2 of the Plan 1 homes, 3 of the Plan 2 homes, 2 of the Plan 3 homes and 2 of the Plan 4 homes, resulting in an average home size of 2,867 s.f. It is noted that this is smaller than the average size of 2,966 s.f. for the completed-sold homes.

The initial value conclusion is the same as for the completed-sold homes or an average of $680,000, reflecting that a downward adjustment for the smaller average size is offset by an upward adjustment to reflect that 4 of the homes are the highly upgraded models. Then, a discount of 15% is applied to reflect the bulk ownership by the builder, including holding/sales costs plus profit. This discount results in a rounded average of $580,000 for these 9 completed-unsold homes.

Analysis of Homes Under Construction

For the 10 homes that were under construction and estimated to be ±70-80% completed, I have considered a cost amount of 75% of ±$50.00 per s.f. direct or hard construction costs, or ±$37.50 per s.f. on the average home size of 3,000 s.f., or an amount rounded to $110,000. This is added to the estimated value of $365,000 for the vacant lot in finished condition, as discussed next, resulting in a total of $475,000 as an average value for the 10 homes under construction.

Analysis of Vacant Lot Value

The vacant lot value is pertinent for the previous analysis of the homes under construction, and the analysis is similar to The Pines, with a similar conclusion of $365,000 per lot reflecting the finished condition.

Conclusion of Value

Based on the foregoing, the value indication for the subject property in its as is condition, is calculated as follows:

71 completed-sold homes @ $680,000 =	$48,280,000
9 completed-unsold homes @ $580,000 =	$ 5,220,000
10 homes under construction @ $475,000 =	$ 4,750,000
Value Indication, As Is:	$58,250,000

Thus, as the result of this analysis, I have arrived at the following conclusion of aggregate market value for the as is condition of the Andalusia product type, subject to the Assumptions and Limiting Conditions, and as of March 1, 2012:

$58,250,000

(FIFTY-EIGHT MILLION TWO HUNDRED FIFTY THOUSAND DOLLARS)

Then, the overall value conclusion is allocated to the individual owners (completed-sold homes) and the builder ownership (completed-unsold homes and homes under construction), resulting in the following:

Ownership	Market Value
Individual Owners:	$48,280,000
Builder Ownership:	$ 9,970,000
	$58,250,000

ADDENDA

QUALIFICATIONS
OF
STEPHEN G. WHITE, MAI

PROFESSIONAL EXPERIENCE

Real Estate Appraiser since 1976.

1983 through current date: Self-employed; office located at 1370 N. Brea Blvd., Suite 255, Fullerton, CA 92835 (Phone: 714-738-1595)

1976-1982: Employed by Cedric A. White, Jr., MAI, independent appraiser located in Anaheim.

Real estate appraisals have been completed on most types of properties for purposes of fair market value, leased fee value, leasehold value, easement value, partial acquisitions and severance damages.

PROFESSIONAL ORGANIZATIONS

Member, Appraisal Institute; MAI designation obtained 1985

Affiliate Member, Pacific West Association of Realtors

LICENSES

Licensed by the State of California as a Certified General Real Estate Appraiser; OREA ID No. AG013311; valid through September 22, 2012.

EDUCATION

B.A. Economics & Business, Westmont College, Santa Barbara (1976)

Appraisal Institute Courses:
- Basic Appraisal Principles, Methods and Techniques
- Capitalization Theory and Techniques
- Urban Properties
- Litigation Valuation
- Standards of Professional Appraisal Practice

Numerous seminars and continuing education on various appraisal subjects, including valuation of easements and leased fee interests, litigation, the money market and its impact on real estate, and standards of professional appraisal practice.

COURT/TESTIMONY EXPERIENCE

Qualified as an expert witness in the Superior Courts of Orange, Los Angeles, Riverside and San Bernardino Counties; also for the Assessment Appeals Board of Orange and Los Angeles Counties.

TYPES OF PROPERTY APPRAISED

Residential: vacant lots, acreage and subdivisions; single family residences, condominiums, townhomes and apartment complexes.

Commercial: vacant lots/acreage; office buildings, retail/shopping centers, restaurants, hotels/motels.

Industrial: vacant lots and acreage; warehouses, manufacturing buildings, R&D buildings, industrial parks, mini-warehouses.

Special Purpose: mobilehome parks, churches, automobile agencies, medical buildings, convalescent hospitals, easements, leased fee and leasehold interests.

QUALIFICATIONS, Page 2

CLIENT LIST

Corporations:

Aera Energy
British Pacific Properties
BSI Consultants
Crown Central Petroleum
Eastman Kodak Company
Firestone Building Materials
Foodmaker Realty Corp.
Greyhound Lines
Holiday Rambler Corp.
International Baking Co.
Johnson Controls
Kampgrounds of America
La Habra Products, Inc.
MCP Foods
Merrill Lynch Relocation
Orangeland RV Park
Pacific Scientific
Penhall International
Pic 'N Save Stores
Sargent-Fletcher Co.
Shell-Western E&P
Southern Distributors Corp.
Southern California Edison
The Home Depot
Tooley and Company
Wastewater Disposal Co.

Developers:

Brighton Homes
Brookfield
Citation Builders
Davison-Ferguson Investment Devel.
D.T. Smith Homes
Irvine Company
Kathryn Thompson Developers
Mark Taylor, Inc.
Mission Viejo Co.
Premier Homes
Presley Homes
Rockefeller & Associates
Taylor Woodrow Homes
Unocal Land & Development

Law Firms:

Baldikoski, Klotz & Dragonette
Best, Best & Krieger LLP
Bowie, Arneson, Wiles & Giannone
Bradshaw, John
Bye, Hatcher & Piggott
Callahan, McCune & Willis
Cooksey, Coleman & Howard
Hamilton & Samuels
Horgan, Rosen, Beckham & Coren
Kent, John
Kirkland & Ellis
Latham & Watkins LLP
McKee, Charles C.
Mosich, Nicholas J.
Long, David M.
Nossaman, Guthner, Knox & Elliott, LLP
Oliver, Barr & Vose
Ollestad, Freedman & Taylor
Palmieri, Tyler, Wiener, Wilhelm & Waldron LLP
Paul, Hastings, Jonofsky & Walker LLP
Piggott, George B.
Pothier, Rose
Rosenthal & Zimmerman
Rutan & Tucker, LLP
Sikora & Price, Inc.
Smith & Politiski
Williams, Gerold G.
Woodruff, Spradlin & Smart, P.C.
Yates, Sealy M.

Financial Institutions:

Ahmanson Trust Company
Barclays Bank
Chino Valley Bank
Continental Bank
First Interstate Mortgage
First Wisconsin Bank
National Credit Union Admin.
Pacific Western Bank
San Clemente Savings & Loan
Security Pacific Bank
Sunwest Bank
United Calif. Savings Bank
Washington Square Capital

QUALIFICATIONS, Page 3

Cities:

Anaheim
Baldwin Park
Buena Park
Cypress
Dana Point
Duarte
Fontana
Fullerton
La Habra
Laguna Beach
Long Beach
Mission Viejo
Orange
Placentia
Riverside
Seal Beach
San Clemente
Santa Ana
Santa Fe Springs
Stanton
Temecula
Tustin
Yorba Linda

Counties:

County of Orange
County of Riverside

Other Governmental:

Agua Mansa Industrial Growth Association
El Toro Water District
Federal Deposit Insurance Corporation (FDIC)
Kern County Employees Retirement Association
Lee Lake Water Dist.
Metropolitan Water District
Orange County Water District
Trabuco Canyon Water District
U.S. Postal Service

School Districts:

Alvord Unified School Dist.
Anaheim Union High School Dist.
Anaheim City School Dist.
Banning Unified School Dist.
Capistrano Unified School Dist.
Castaic Union School Dist.
Cypress School Dist.
Etiwanda School Dist.
Fullerton College
Fullerton Joint Union High School Dist.
Fullerton School Dist.
Garden Grove Unified School Dist.
Irvine Unified School Dist.
Lake Elsinore Unified School Dist.
Moreno Valley Unified School Dist.
Newhall School Dist.
Newport-Mesa Unified School Dist.
Orange Unified School Dist.
Palm Springs Unified School Dist.
Placentia-Yorba Linda Unified Dist.
Poway Unified School Dist.
Rialto Unified School Dist.
Romoland School Dist.
Saddleback Valley Unif. School Dist.
San Jacinto Unified School Dist.
Santa Ana Unified School Dist.
Saugus Union School Dist.
So. Orange Cnty. Comm. College Dist.
Westside Union School Dist.
William S. Hart Union High Schl. Dist.
Victor Elementary School Dist.

Churches/Church Organizations:

Calvary Church, Santa Ana
Central Baptist Church, Pomona
Christian & Missionary Alliance Church, Santa Ana
Christian Church Foundation
Congregational Church, Fullerton
First Church of the Nazarene
Lutheran Church, Missouri Synod
Presbytery of Los Rancho
St. Mark’s Lutheran Church, Hac. Hts.
Vineyard Christian Fellowship
Yorba Linda United Methodist Church

Other:

Biola University
Cedars-Sinai Medical Center
Garden Grove Boys' Club
The Sheepfoldfold

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APPENDIX D

MORTGAGE STUDY

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POWAY UNIFIED SCHOOL DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 6
SAN DIEGO COUNTY, CALIFORNIA

CHARACTERISTICS OF MORTGAGE LOANS AND ESTIMATED CURRENT EQUITY LEVELS FOR THE HOMEOWNERS

BY

EMPIRE ECONOMICS, INC.

MARCH 10, 2012

This report was prepared by Empire Economics specifically for the Poway Unified School District CFD No. 6 and its Special Tax Bonds. This report or any portions thereof are not intended for any other use.

EXECUTIVE SUMMARY

The purpose of this report is to discuss the mortgage loan characteristics of the current homeowners within Community Facilities District (CFD) No. 6 as well as to estimate the current amounts of their equity; furthermore, the current equity levels of the homeowners, positive or negative, are related to the timeliness of their special tax payments

Since the projects in CFD No. 6 marketed their products during the May 2001 to February 2012 time period, they have been subject to the full impact of the housing price bubble and its subsequent implosion. Specifically, when prices were at their peak levels, during 2004 to 2007, approximately 38% of the current homeowners in CFD No. 6 purchased their homes. Since that time, prices have declined by some -20% to -40%, and such a decline would be expected to substantially erode the equity levels of such homeowners.

However, comprehensive research has revealed that although CFD No. 6 marketed many of its homes during the housing price bubble, it has some significant differentiating characteristics from the other CFDs that also marketed their homes during the price bubble.

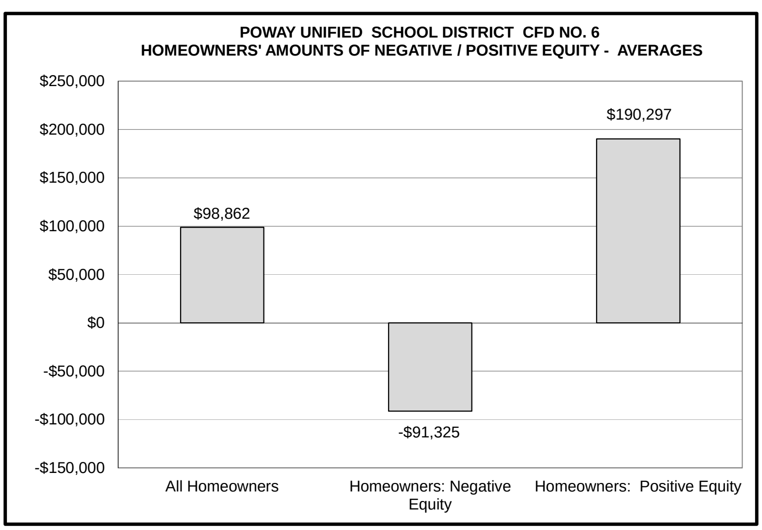
Estimated Levels of Current Homeowner Equity

Based upon a review of the data available for each of the homes in CFD No. 6, the number of homes that fulfilled the criteria for the analysis amounted to 3,502 of the 3,673 homes that have closed escrow. This represents a statistically strong sample of 95.4% of the homes. These 3,502 are hereafter referred to as the “homeowners”.

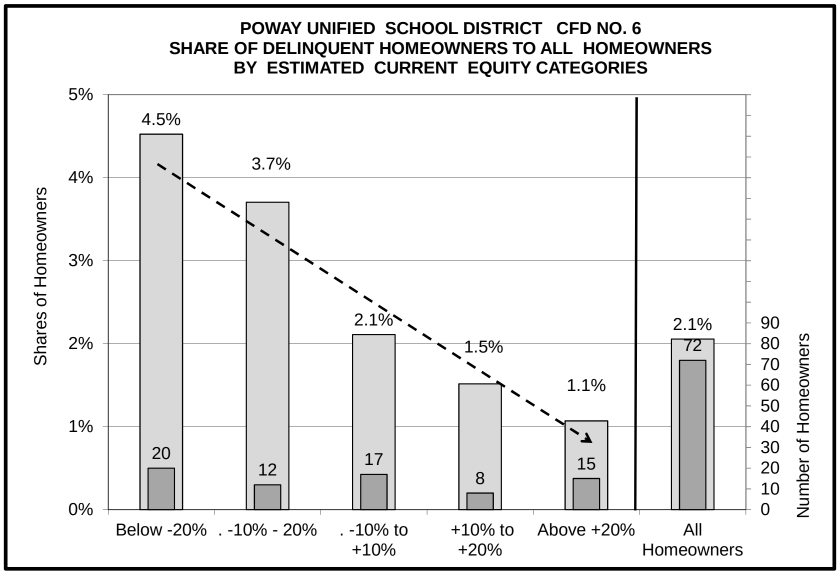
The analysis of the price trends for homes in CFD No. 6 revealed that housing prices have declined by some -22%, on the average, from their peak level that occurred during 2006. However, an off-setting factor is that the original LTV ratios amounted to 73%, on the average

The current equity gap for such homeowners is calculated based upon a comparison of the current estimated home values to the amount of their mortgage loans.

- For All of the homeowners, as a whole, they have positive equity of about +17% or +$98,862/avg.
- For 2,365 homeowners with Positive Equity, they have positive equity of about +32% or +$190,297/avg.
- For 1,137 homeowners with Negative Equity, they have a negative gap of about -18% or -$91,325/avg.



Furthermore, there is a very strong correlation between the level of equity and the propensity for a Special Tax delinquency: as the equity levels become stronger, the percentage of homeowners that are delinquent declines, and this occurs on a consistent, systematic basis.



Furthermore, there are 8 homeowners in CFD No. 6 that are in some stage of the "foreclosure process; such homeowners are referred to as being under mortgage loan duress, and their characteristics are as follows: 3 currently have a notice of default, 2 currently are scheduled for foreclosure sale, and 3 are bank owned.

Macroeconomic Factors Underlying Protective Equity Levels of Homeowners

Further research revealed that the economic factors underlying the favorable equity levels for the homeowners in CFD No. 6 can be attributed to the strong economic conditions in the local economy.

Based upon significant research covering numerous economic statistics, the conclusion was that a primary metric for gauging the vitality of a local economy is the area's "unemployment rate". The unemployment rate represents the economic well-being of the households residing in a specific local area, such as a city or a school district area.

Poway USD has a current unemployment rate of only 5.3%, as compared to 8.9% for San Diego County.

For an area/city with a relatively low unemployment rate, its features are:

- The higher proportion of employment supports a stronger level of housing demand
- More of the households have positive equity levels
- The value of raw land being positive – beneficial to new development

Additionally, comparing the price changes in CFD No. 6 with those of San Diego County (SDC) during 2001 to 2011 reveals that CFD No. 6 had a less pronounced price bubble than SDC:

- The percentage increase in prices was less for CFD No. 6 (+77%) than for SDC (+111%):
- The percentage decline in prices was less for CFD No. 6 (-22%) than for SDC (-40%):

So CFD No. 6 has a relatively strong economic base that supports the housing market, with regards to housing demand and price stability/increases. Furthermore, the strong local economy for CFD No. 6 also contributed to the local area having less of a price bubble than for San Diego County as a whole.

TABLE OF CONTENTS

INTRODUCTION

The purpose of this report is to discuss the mortgage loan characteristics of the current homeowners within Community Facilities District (CFD) No. 6 as well as to estimate the current amounts of their equity. Furthermore, the current equity levels of the homeowners, positive or negative, are related to the timeliness of the special tax payments.

This report is intended to provide prospective bond purchasers with information relevant in their consideration of whether to invest in the Special Tax Bonds issued by CFD No. 6 ("Bonds"); however, this report should not be construed as a recommendation to invest in, or make a purchase of, the Bonds.

This report does not intend to arrive at any predictions of future special tax delinquencies for homeowners in CFD No. 6.

During 2004 through 2007 there was a fundamental shift in the driving force underlying housing price appreciation, from the historical role of employment growth to non-conventional (creative) financing structures. During this time period, these financing structures and related financing factors were the primary driving forces underlying the extraordinary rate of housing price appreciation for Southern California, and also for San Diego County, with housing prices increasing by more than 50%.

Recently, there has been a considerable amount of discussion regarding the dramatic adjustments in the residential real estate market, as a whole, and how these may impact special tax delinquencies, in particular. Furthermore, purchasers of new homes in newly developing communities during 2004 to 2007 may have higher risks of having mortgage loan delinquencies as well as tax delinquencies due to the following factors:

- Such purchasers of homes, in order to be able to afford the high prices during the recent housing market bubble that were significantly more than what they would normally qualify for, often utilized non-conventional/creative loan structures, characterized by undocumented income, initial teaser interest rates below prevailing market rates, and/or monthly payments that were not fully amortized.
- Such purchasers of homes paid high prices during the housing market bubble, and so the subsequent price declines have significantly eroded their original levels of equity.

For prior purchasers of homes in newly developing communities, there is a concentration of risk as compared to the broader housing market which has homeowners that are much more diverse with regard to their times of purchase, and hence amount of their current equity, as well as their use of conventional types of mortgages, as compared to aggressive creative mortgage structures.

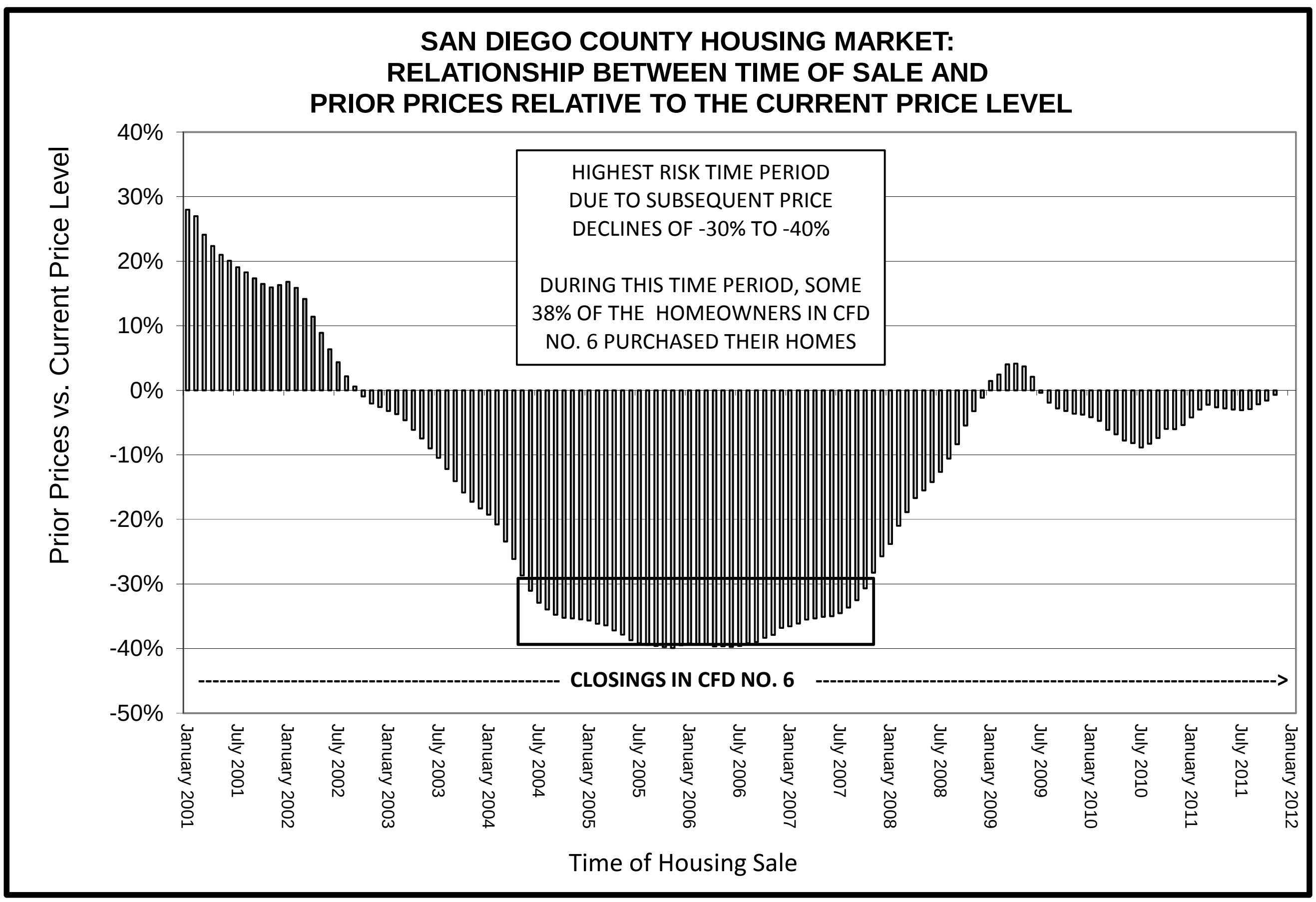
Although residential projects that have their homes built and occupied by homeowners are typically viewed as providing bondholders with strong credits, some of the home purchasers, especially those during 2004 to 2007, may face challenges in making their mortgage and tax payments on a timely basis, due to their initial high loan to value ratios, creative mortgage loan structures, and current negative equity levels.

Poway CFD No. 6: Potential For High-Risk Homeowners

Since the projects in CFD No. 6 marketed their products during the May 2001 to February 2012 time period, they have been subject to the full impact of the housing price bubble, which occurred during 2004-2007. Specifically, when prices were at their peak levels, approximately 38% of the current homeowners in CFD No. 6 purchased their homes. Since that time, prices have declined by some -20% to -40% from their peak levels; such a significant decrease would be expected to substantially erode the equity levels of homeowners who purchased during that time.

For other CFDs that were also marketing products during the housing market bubble, Empire's research has shown that such homeowners have had significant amounts of negative equity. CFD No. 6 appears to be similar to these other CFDs, since many of its homes were marketed during the price bubble, and, since then, prices have declined significantly.

However, before coming to such a conclusion, that CFD No. 6 is similar to other CFDs that marketed their homes during the housing price bubble, it is necessary to perform a comprehensive analysis of the mortgage loan characteristics and current equity levels for its homeowners.



SECTION I

MORTGAGE LOAN CHARACTERISTICS FOR CURRENT HOMEOWNERS

This section performs an analysis of the mortgage loan characteristics of the current homeowners in CFD No. 6 using their sales prices as well as their mortgage loan amounts; the current homeowners include those that purchased from builders as well as those that purchased resale homes.

Selection of Homes for the Mortgage Study: Homes with Sufficient Mortgage Data

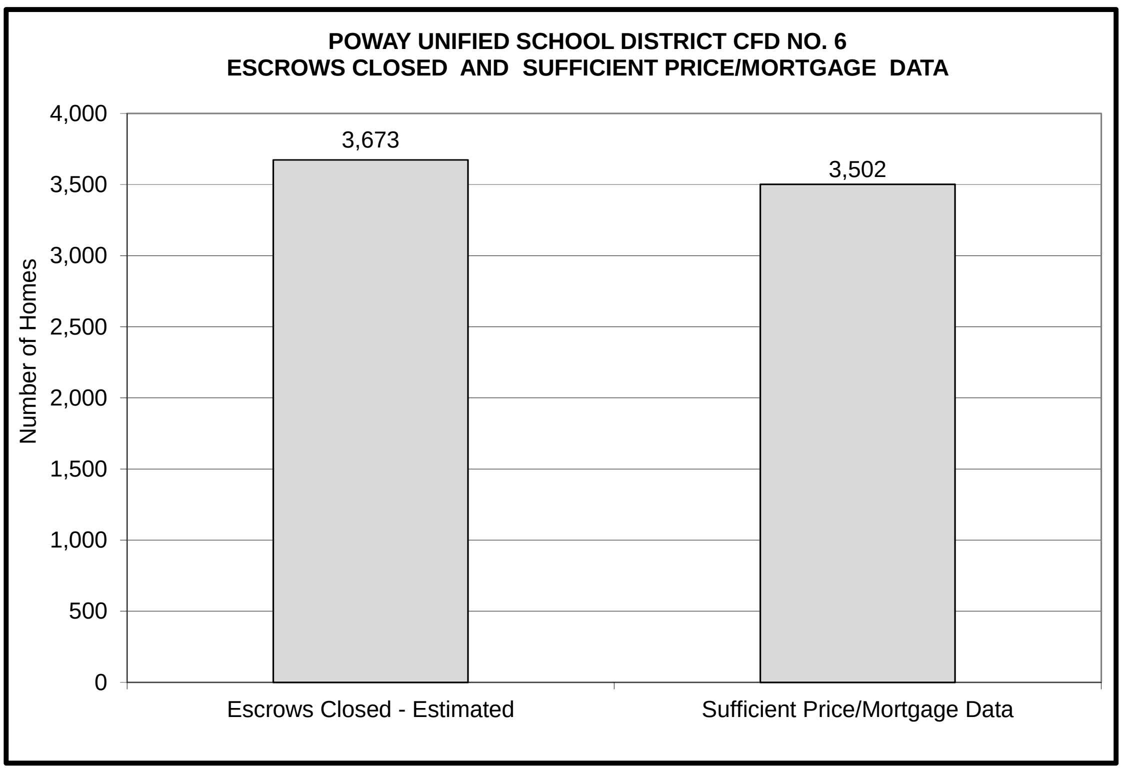
With regard to selecting the specific homes to be included in the mortgage analysis, Empire's primary criterion was whether there was sufficient information to calculate the Loan to Value Ratio (LTV), which requires the following information:

- Sales price of the home.
- Amount of the mortgage loan(s), first and possibly a second as well.

CFD No. 6 has an estimated 3,673 homes that closed escrows to purchasers, according to data compiled by Empire in early March 2012.

Furthermore, parcels that have pre-paid their Special Taxes are excluded from the mortgage analysis.

Based upon a review of the data available for each of the homes in CFD No. 6, the number of homes that fulfilled the criteria for the analysis amounted to 3,502 of the 3,673 homes. This represents a statistically strong sample of some 95.3% of the homes. These 3,502 are hereafter referred to as the "homeowners".

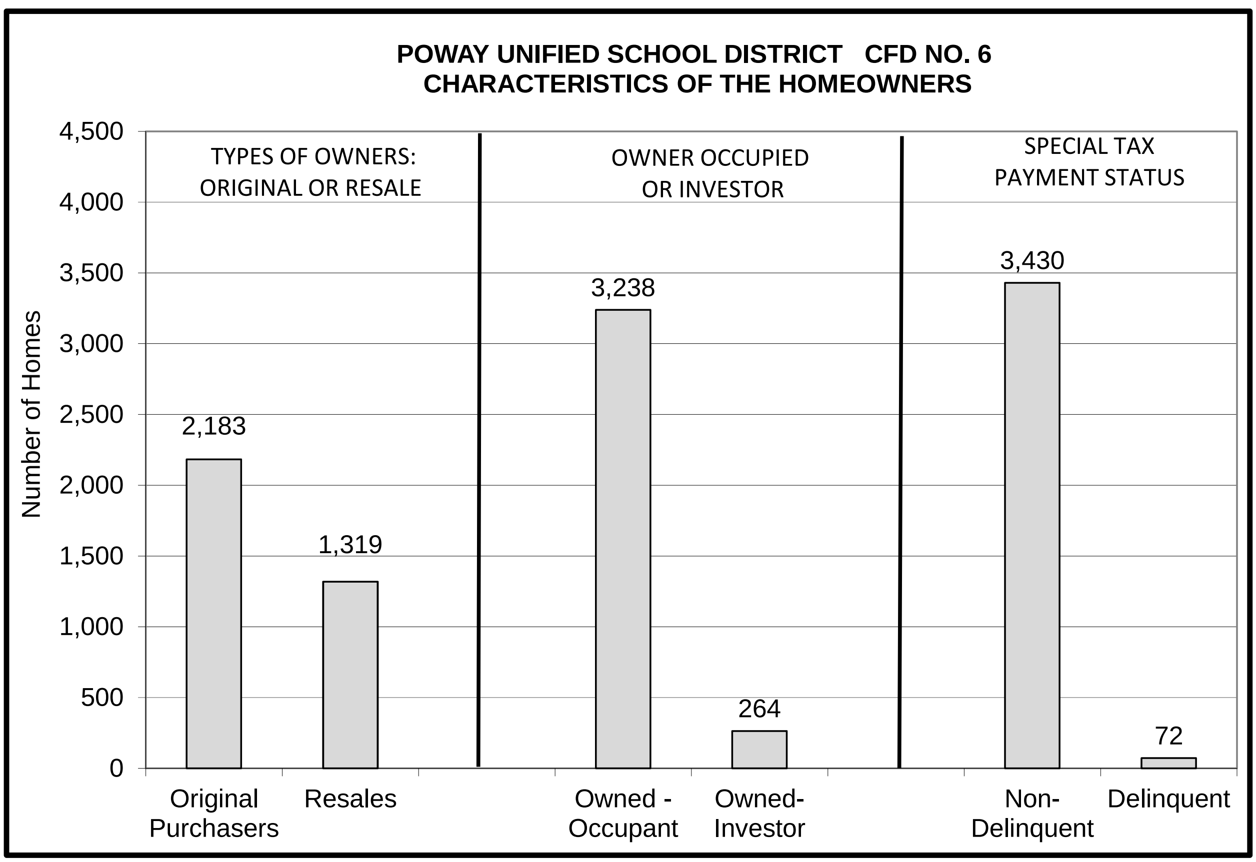


The composition of these 3,502 homeowners with regards to various profiles, such as original purchasers vs. resales, owner occupied vs. investors and delinquent vs. non-delinquent, are now discussed.

- Of the 3,502 current homeowners, 2,183 (62%) purchased from the builders and 1,319 (38%) were resales, from prior homeowners who originally purchased from the builders.

- Of the 3,502 homeowners, 3,238 (92%) appear to be owner occupied while the other 264 (8%) appear to be owned by investors. The “conservative” filter for identifying owner occupants vs. owner investors is based upon whether the property tax bill is mailed to the same address as the home or to another place in a different zip code area.

- Of the 3,502 homeowners, 3,430 (98%) have paid their first installment payment for the 2011-2012 FY for their Special Taxes in a timely manner while the remaining 72 (2%) were delinquent with respect to paying their Special Taxes in a timely manner. However, since then, some of these delinquencies may have been cured; updated information is provided in the Official Statement.



Mortgage Loan to Value Ratios for the Homeowners

The Mortgage Loan to Value Ratios (LTV) for the homeowners were calculated using the following formula:

$$\frac{\text{First and Second Loans}}{\text{Sales Price}}$$

(Note: The data compiled from the various sources report only the first and second loans on a parcel, and so additional loans are not included in this analysis; however, such additional loans are not common .)

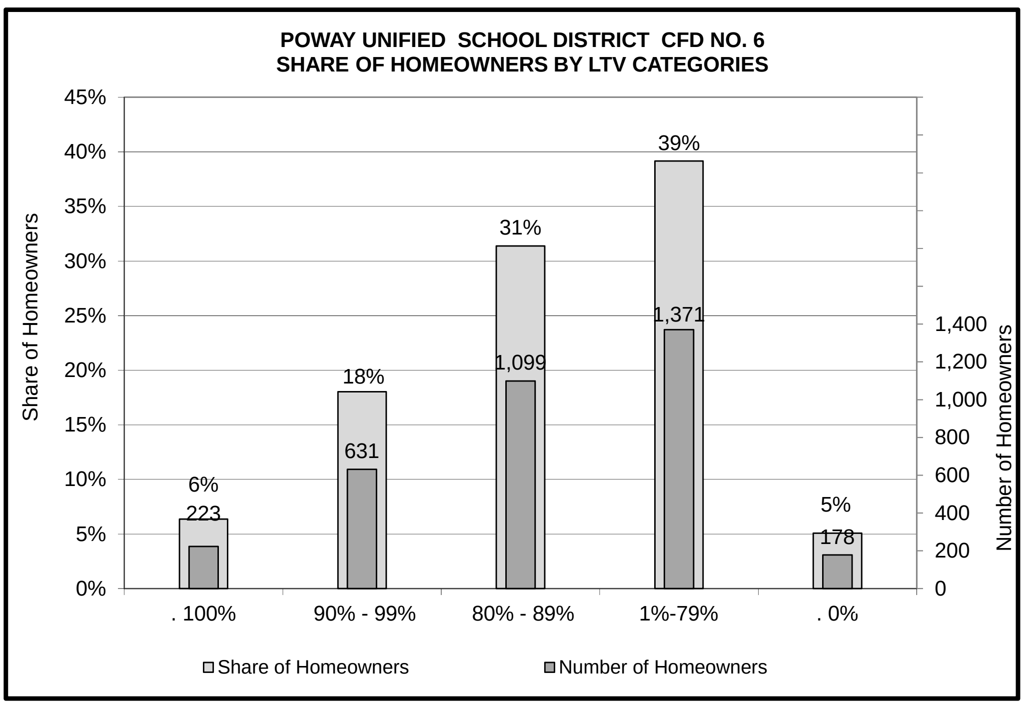
Finally, the analysis herein **assumes that the second loans are fully funded;** however, in some cases, such as an equity line of credit, the second loans may not be fully funded. Information was not available on whether the second loans were equity lines of credit and, even if so, the extent to which they were funded. Accordingly, Empire made the conservative assumption, for purposes of this report, that all the second loans were fully funded. Of the 3,502 homeowners in CFD No. 6, there are 943, or about 27%, that have second loans; for these homeowners, their second mortgages amount to some $94,900, on the average.

For each of the LTV categories, the proportions and also the number of the homeowners in the various categories are as follows:

100% LTV:	6% of the homeowners; there are	223	such homeowners.
90-99% LTV:	18% of the homeowners; there are	631	such homeowners.
80-89% LTV:	31% of the homeowners; there are	1,099	such homeowners.
1%-80% LTV:	39% of the homeowners; there are	1,371	such homeowners.
No Mortgage:	5% of the homeowners; there are	178	such homeowners.

For all of the homeowners in CFD No. 6, as a whole, their LTV amounts to 73%, on the average.

While the median LTV is 80%, and this means that 50% of the homeowners have a LTV that is above this amount while the remaining 50% have a LTV that is below this amount.



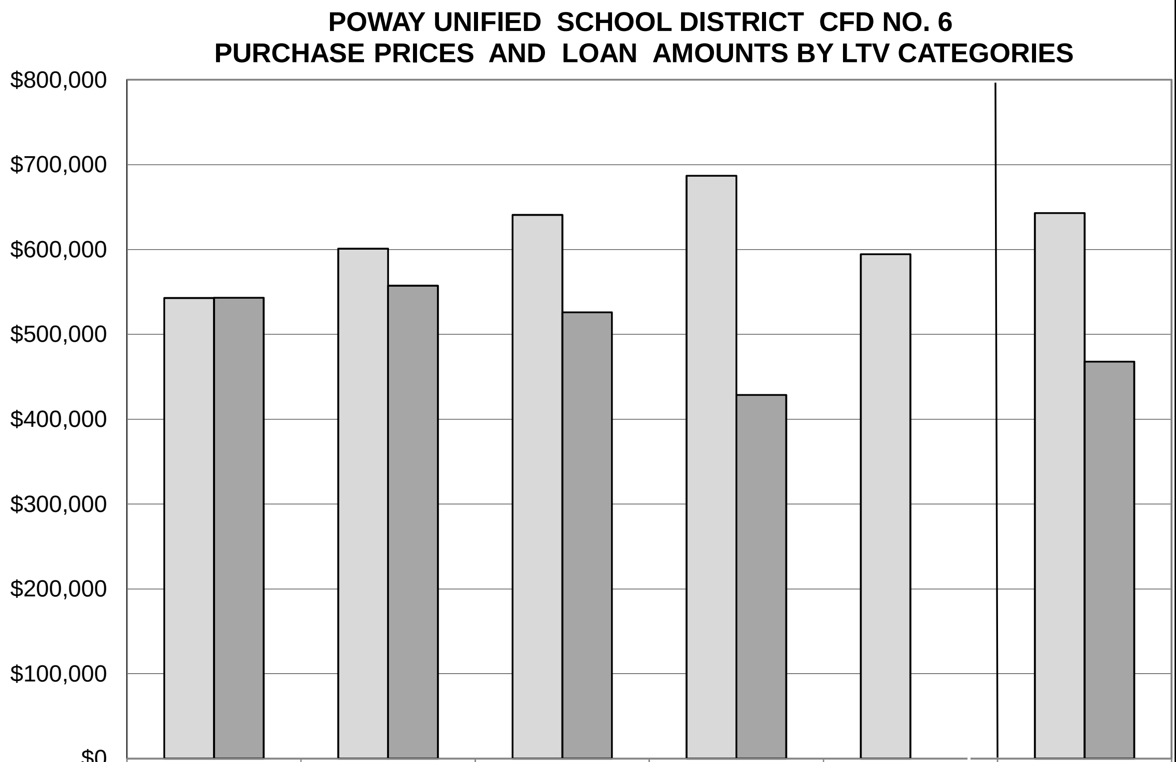
Housing Prices and Mortgage Loan Amounts

The critical factors underlying the calculation of the Loan to Value Ratios (LTV), the sales prices of the homes and mortgage loan amounts, are now discussed.

Before proceeding, it is worthwhile to note that the homes in this project were marketed (escrows closed to homeowners) during the May 2001 to February 2012+ time period. Additionally, there are also four active projects that are currently marketing homes. The most recent sale reported was in mid-February 2012; subsequent sales/resales may have occurred but data on them was not yet available due to reporting time lags.

- The sales prices for the homeowners amount to $643,042, on the average, and the sales prices vary from a low of $542,717, on the average, for the LTV group of 100% to a high of $686,749, on the average, for the LTV group of 1% to 79%.

- The mortgage loans for the homeowners amount to $467,849, on the average, and the mortgage loan amounts, excluding cash purchases, vary from a low $428,581, on the average, for the LTV group of Below 1%-79% to a high of $557,327, on the average, for the LTV group of 90%-99%.



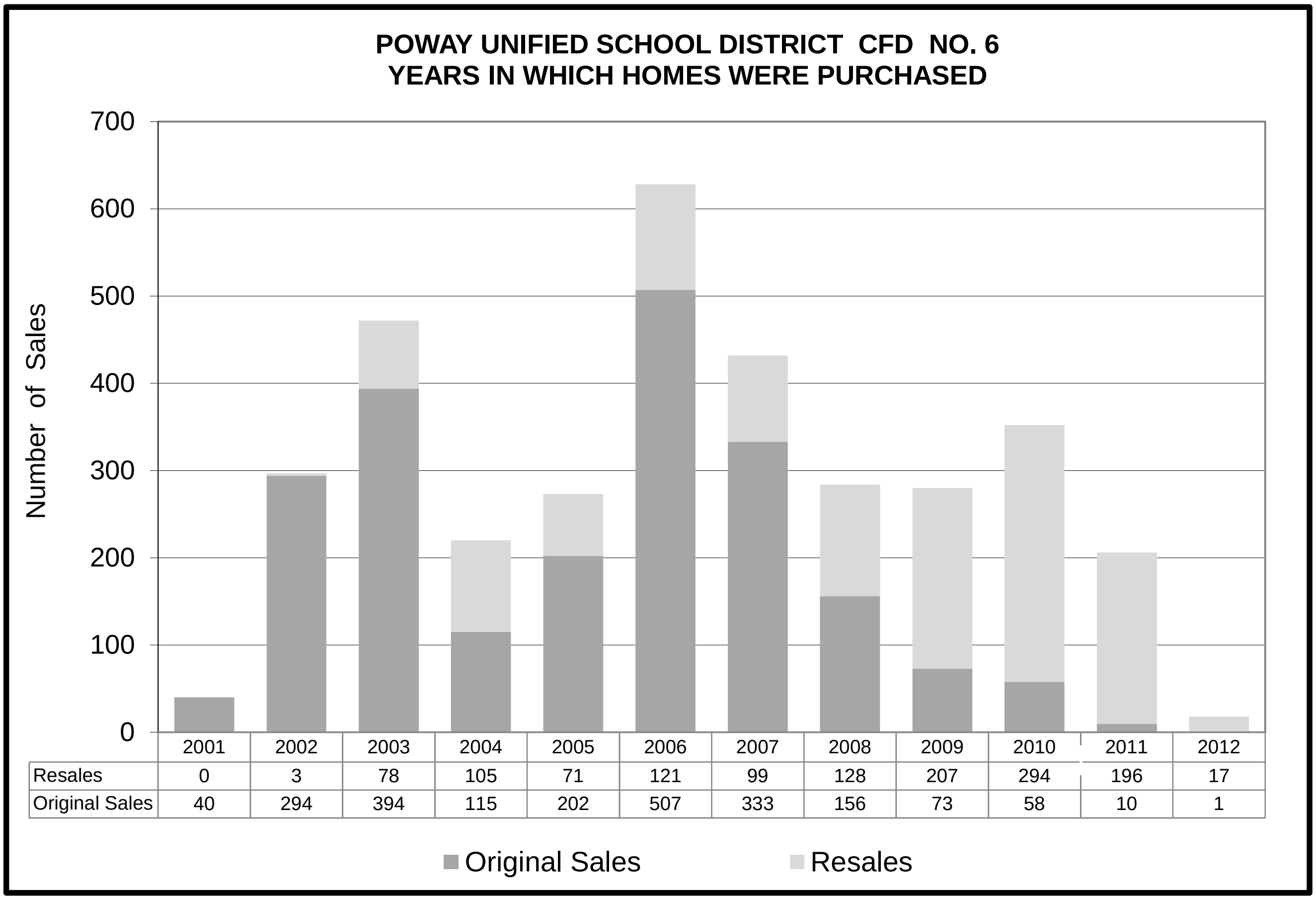
	. 100%	90% - 99%	80% - 89%	1%-79%	. 0%	Overall
Purchase Prices; Avg.	$542,717	$601,034	$640,859	$686,749	$594,477	$643,042
Mortgage Loans; Avg.	$543,177	$557,327	$525,951	$428,581	$0	$467,849

Times of Purchase for Homeowners

The homes in CFD No. 6 were marketed during May 2001 to February 2012, the distribution of the sale of the 3,502 homes on an annual basis has been as follows:

- Overall, the sales of new homes were strongest, more than about 300 a year, during 2002-2003 as well as 2006-2007.

- While, for the re-sales of homes, they have been strongest, more than 200 a year, during 2009-2011.



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Resales	0	3	78	105	71	121	99	128	207	294	196	17
Original Sales	40	294	394	115	202	507	333	156	73	58	10	1

SECTION II

RECENT DECLINES IN HOUSING PRICES AND THEIR IMPACTS ON THE CURRENT LEVELS OF HOMEOWNER EQUITY

The following analysis represents ESTIMATES of the current Equity Levels for Homeowners; the specific level of equity for each homeowner would require an appraisal of the market value for each home along with financial data on each of the homeowner's current loan balances. Such an undertaking would be costly and also require access to "private" financial data on mortgages.

The first step is to estimate the potential amount of the price decline for homeowners that purchased at various point in time: this is measured as the difference between actual purchase price and the current market equilibrium price.

- For those homes purchased during the housing market bubble, their prices were artificially high, based upon creative financing structures and undocumented incomes, among other factors.
- By comparison, for recent homes purchases, which are lower by some -20% to -40% from the peak levels, their prices are based upon documented household incomes and conventional financing techniques.

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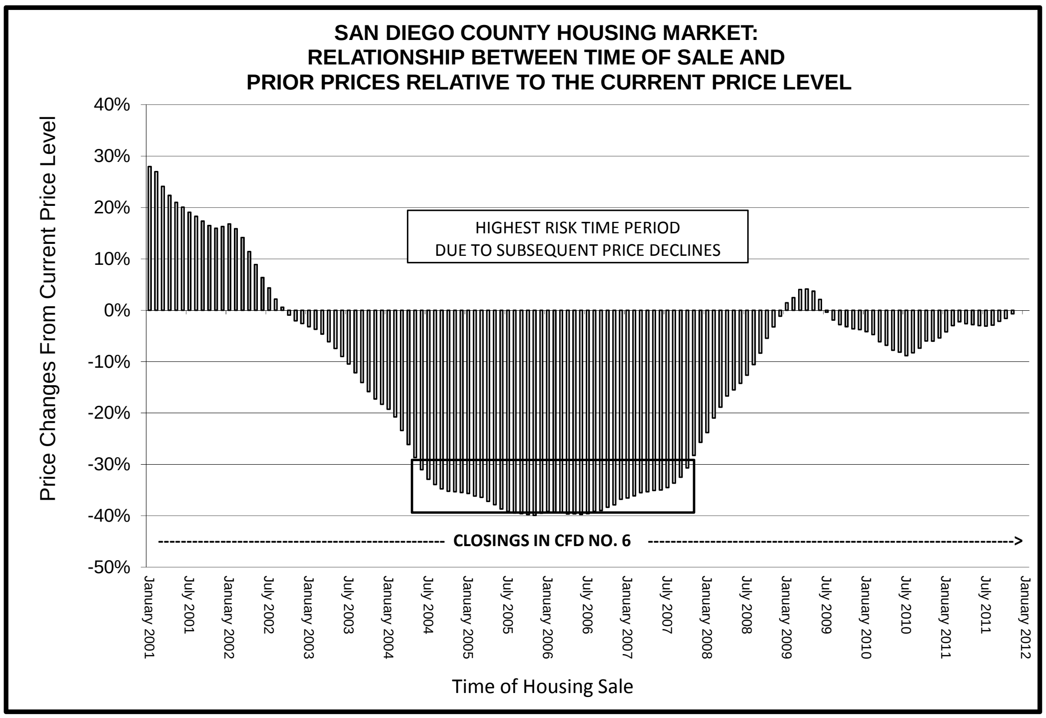


Prices for San Diego County based upon the Case-Shiller Index)

So, the highest risk time period, representing those homes with peak level prices, was during June 2004 through October 2007: such homeowners may now have significant negative equity levels if their original LTV were high. During this high-risk time period, 1,320 of the 3,502 or about 38% of the current homeowners in CFD No. 6 purchased their homes.

Furthermore, it is worthwhile to mention that purchasers at the peak time period also generally utilized aggressive financing structures, such as interest-only loans as well as "teaser rate" loans which have negative amortization; such factors exacerbate their vulnerability to subsequent price declines. However, specific information on the loan structures for homeowners in CFD No. 6 was not available.

Recent Trends/Patterns for Housing Prices in CFD No. 6

The sales prices for the homes in CFD No. 6 are now analyzed by using their actual sales prices during the May 2001 to February 2012 time period.

- While these sales prices typically include buyer incentives as well as premiums for options/upgrades, which may vary significantly among the specific home sales, they are regarded as being generally reliable indicators of sales price trends.
- Additionally, the sales prices are adjusted for the variations in the sizes of the homes so that they represent price changes for the average sized home, which has 2,719 sq.ft. of living area

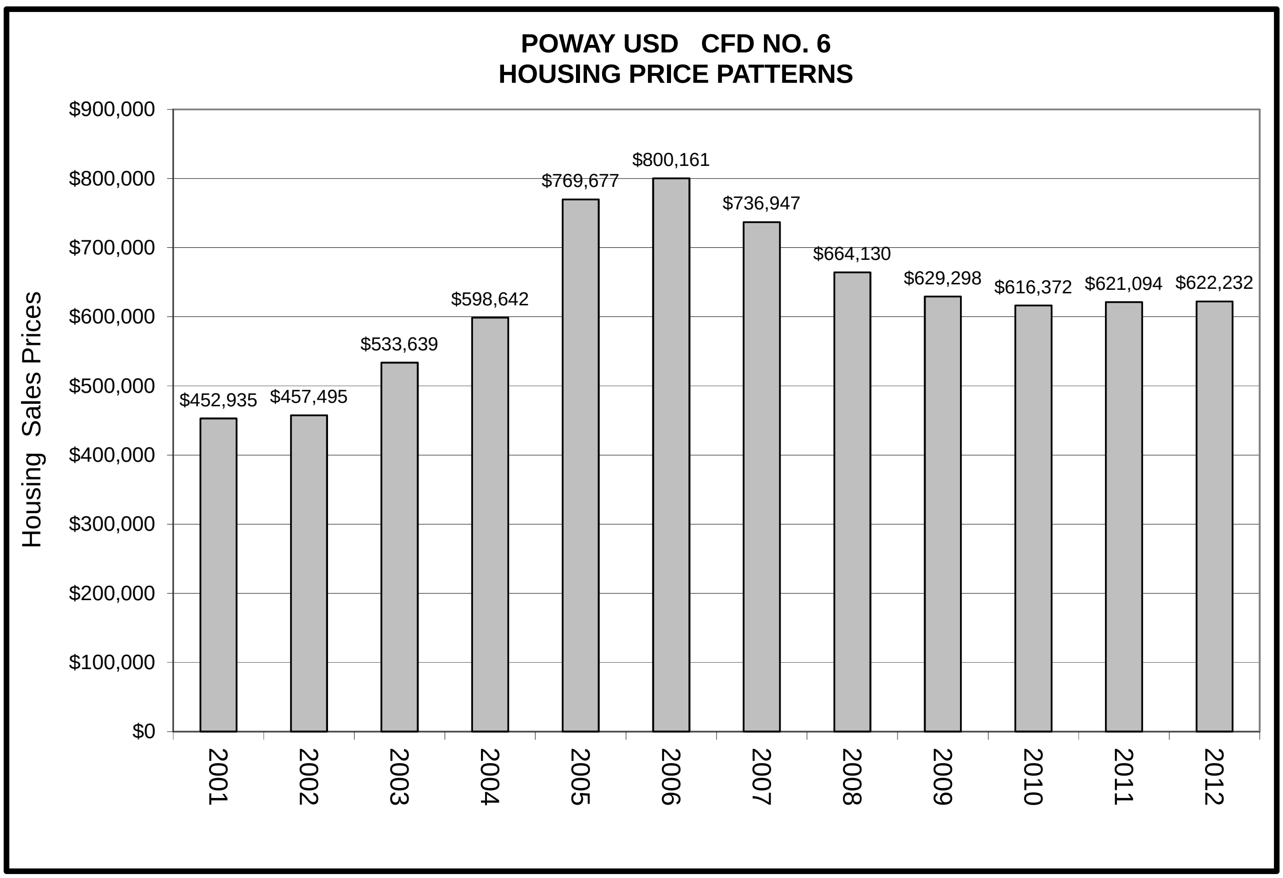
The sales prices for homes in CFD No. 6 exhibited the following pattern during May 2001 to February 2012:

- Prices started at a level of approximately $453,000 in 2001.

- Prices increased dramatically starting in 2003, reaching a peak level of approximately $800,161 in 2006, a dramatic increase of more than +77% from their 2001 levels.

- Then, from 2006 to 2009, prices declined substantially, from $800,161 in 2006 to about $629,298 in 2009, a decline of some -22%.

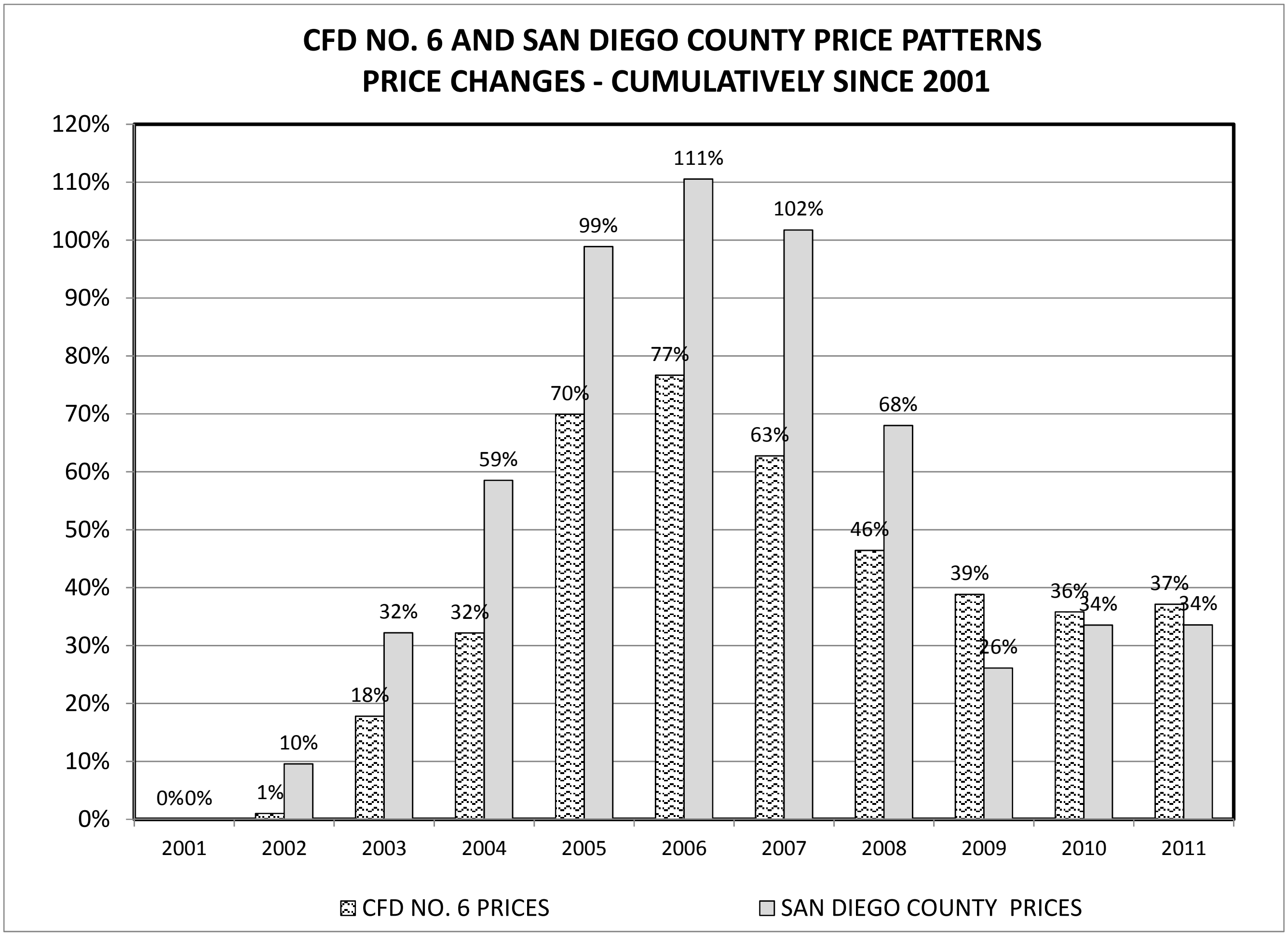
- Since 2010, prices have been relatively stable, in the range of about $616,000 to $622,000.



Comparing the price changes in CFD No. 6 with those of San Diego County (SDC) during the 2001 to 2011 reveals that CFD No. 6 had a less pronounced price bubble than SDC:

- The percentage increase in prices during 2001 to 2006 was less for CFD No. 6 than for SDC:
  - For CFD No. 6, prices rose from 2001 to a peak level of +77%
  - For SDC, prices rose from 2001 to a peak level by +111%

- The percentage decline in prices during 2006 to 2011 was less for CFD No. 6 than for SDC:
  - For CFD No. 6, prices declined from their peak level of -22%
  - For SDC, prices declined from their peak levels by -40%



Estimated Equity Levels for Homeowners in CFD No. 6

The analysis of the price trends for homes in CFD No. 6 revealed that housing prices have declined by some -22% from their peak level that occurred during 2006. However, an off-setting factor is that the original LTV ratios amounted to 73%, on the average.

Accordingly, to gauge the levels of equity for the homeowners in CFD No. 6, their estimated current housing prices are compared to the original amounts of their mortgage loans.

Empire used a statistical regression analysis to estimate the relationship between the sales prices for the homes and their sizes of their living areas, based upon homes that have closed escrow recently.

- There were 35 homeowners that closed escrow during December 2011 mid-February 2012
  - The prices of these homes amounted to some $558,000, on the average.
  - The sizes of living area amounted to some 2,666 sq.ft. on the average
  - So the value ratio, price/living area, has recently been about $209, on the average

- The original mortgage loans are assumed to be relatively stable, since most of the mortgage payments in the initial years go towards interest payments. Additionally, this is also regarded as being a conservative assumption, since the analysis uses a high mortgage balance.

Empire performed a statistical analysis of these recent housing sales, and found that the primary determinant of the price of a home was its square footage of living area.

For a home with a specific amount of living area, its price can be predicted within +/- 6% by using the following metrics:

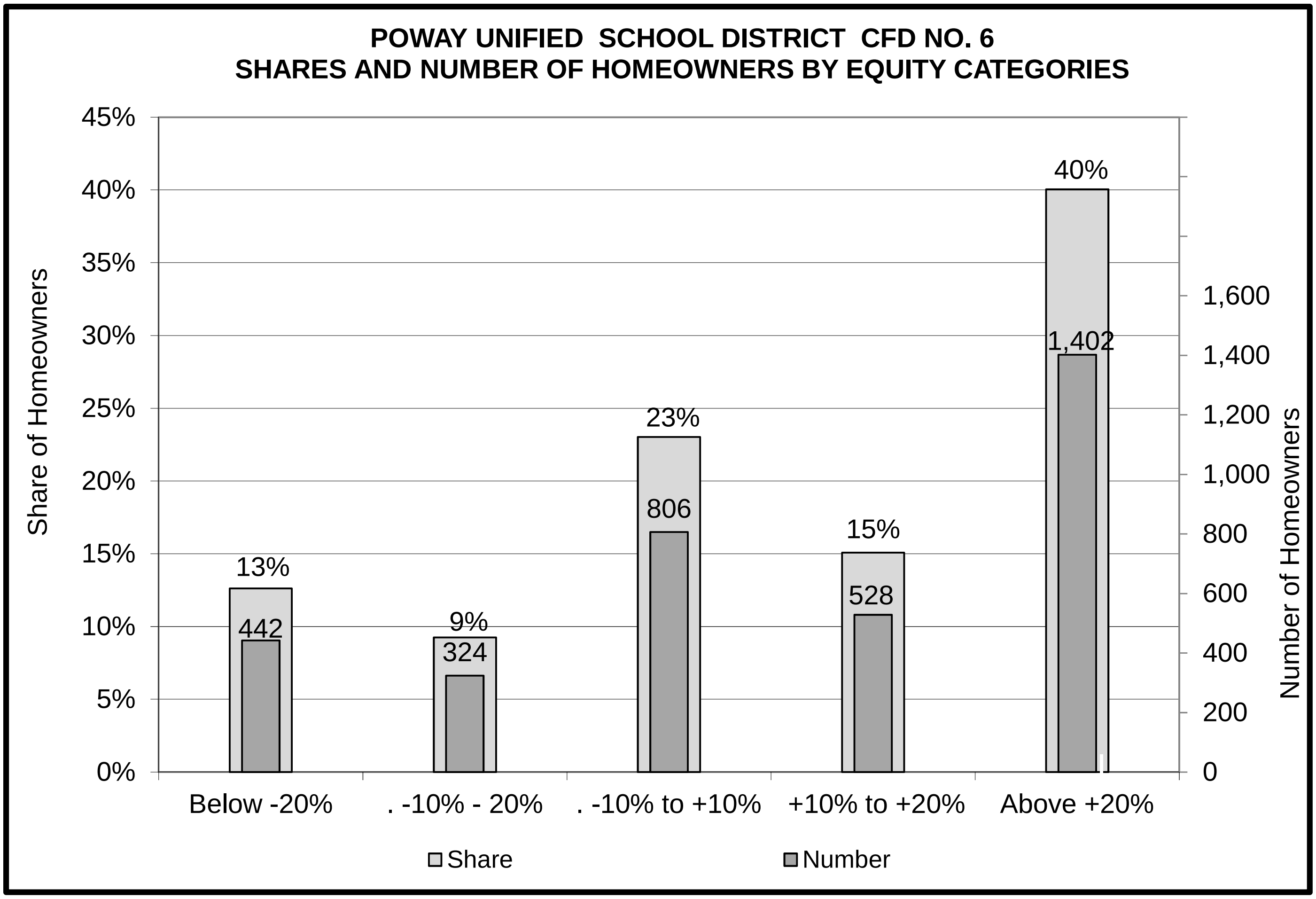
- A constant factor or starting amount of $119,548.

- A variable factor of $164.44 for each sq.ft. of living area.

As a cross-check, for all of the 35 homes, Empire compared their “average” current estimated value to the estimated average current value using the statistical metrics, (constant and variable factor) and found that they were within 1% of each other, on the average. Although the overall averages were close, there were some variations on a home by home basis, but applying the constant/variable factors to a large sample provides an accurate representation, as compared to analyzing a particular home.

Accordingly, using the current home values and the original amounts of the mortgage loans, the estimated levels of the homeowner equity by the various categories are as follows:

- Below -20%: 13% of the homeowners: 442 homeowners.
- -10% to -20%: 9% of the homeowners: 324 homeowners.
- -10% to +10%: 23% of the homeowners: 806 homeowners.
- +10% to +20%: 15% of the homeowners: 528 homeowners.
- Above +20%: 40% of the homeowners: 1,402 homeowners.



So, the homeowners in CFD No. 6 have high levels of protective equity, some 40% have equity of Above +20% or more while only 13% have negative equity of Below -20% or less.

SECTION III

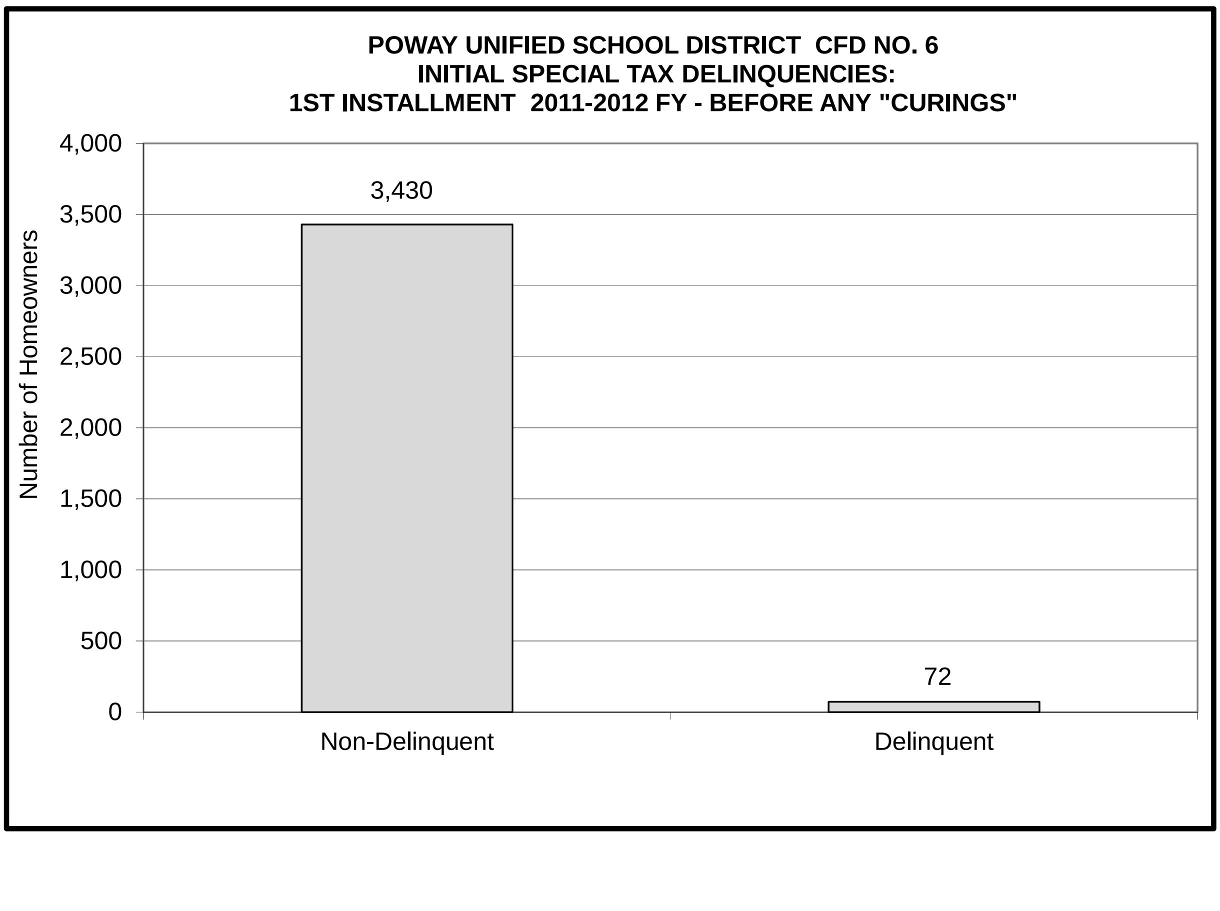
COMPARISON OF THE CURRENT ESTIMATED EQUITY LEVELS OF THE DELINQUENT VS. NON-DELINQUENT HOMEOWNERS

This section performs an analysis of the current estimated equity levels of the homeowners by two categories: delinquent and non-delinquent, with regard to the payment of their Special Taxes; accordingly their characteristics are further described below.

Delinquent Homeowners: This group represents homeowners that were reported to have been initially delinquent in the payment of their Special Taxes for 1st -installment for the 2011/2012 FY. The special tax delinquencies referred to herein represent the **INITIALLY REPORTED** delinquencies for the 1st installment that was due in December 2011. However, since then, some of these delinquencies may have been cured - updated information is provided in the Official Statement.

Dolinka Group, the Special Tax Administrator, provided Empire with information that it obtained from the San Diego County Treasurer/Tax Collector's Office, and this showed that for the 1st-installment payment that were delinquent for the 2011/2012 FY, there were 72 parcels/homeowners that were initially delinquent.

Non-Delinquent Homeowners: This group represents homeowners that were reported to have made their 1st installment of the Special Tax payments for the 2011-2012 FY in a timely manner; there were 3,430 such parcels/homeowners.



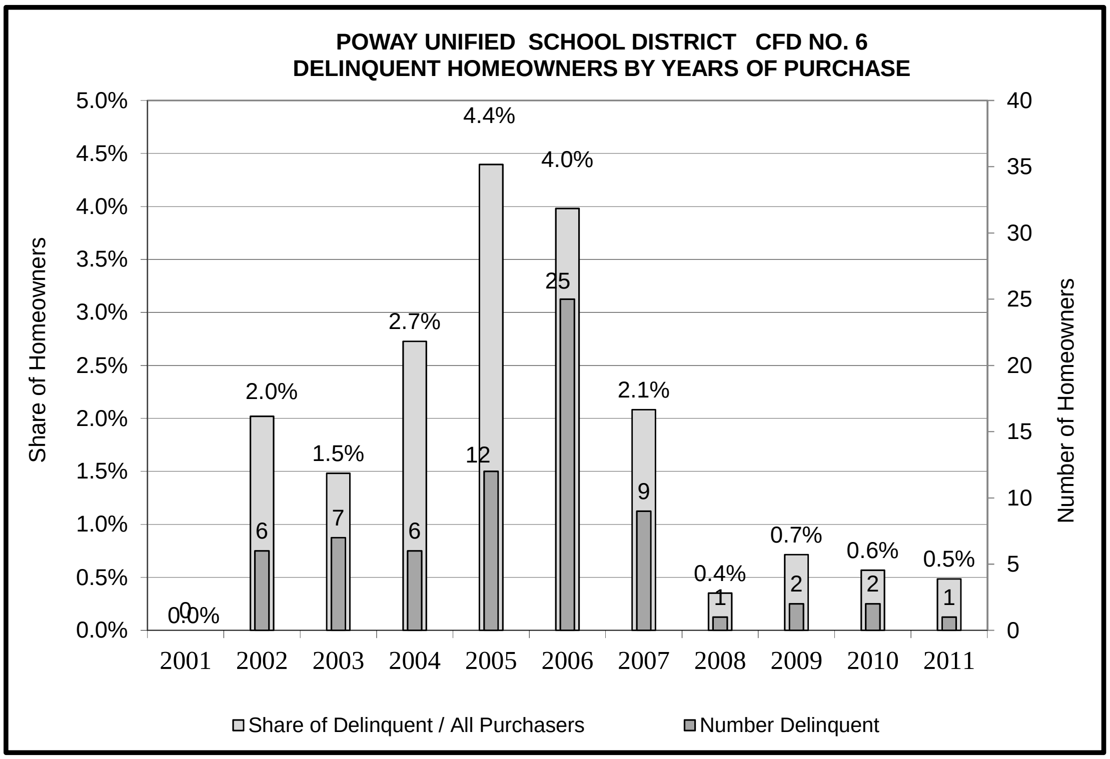
With regard to these 72 delinquent homeowners, the major delinquencies by the years in which the homes were purchased were as follows:

High Levels: More than 10 homeowners
During 2005: 12 for a share of 4.4% of all purchases in this year
During 2006: 25 for a share of 4.0% of all purchases in this year

Moderate Levels: 8 to 10 homeowners
During 2007: 9 for a share of 2.1% of all purchases in this year

So, the current delinquencies are closely correlated to years that the homeowners purchased their homes, and these are the price bubble years, during 2005 to 2007.

By comparison, for the homeowners that purchased in the other years, 2001-2004 and 2008-2012, their shares/numbers of delinquencies have been relatively low.



Furthermore, there are 8 homeowners in CFD No. 6 that are in some stage of the “foreclosure process: Such homeowners are referred to as being under mortgage loan duress.

- 3 currently have a notice of default; of these, one had a Special Tax delinquency
- 2 currently are have a scheduled foreclosure sale
- 3 currently are bank owned

So, considering that there are a total of 3,502 homeowners in CFD No. 6, and that 72 of these were delinquent on the payment of their 1st-installment for the 2011-2012 FY, only a minimal amount, well below 1%, are currently under mortgage duress.

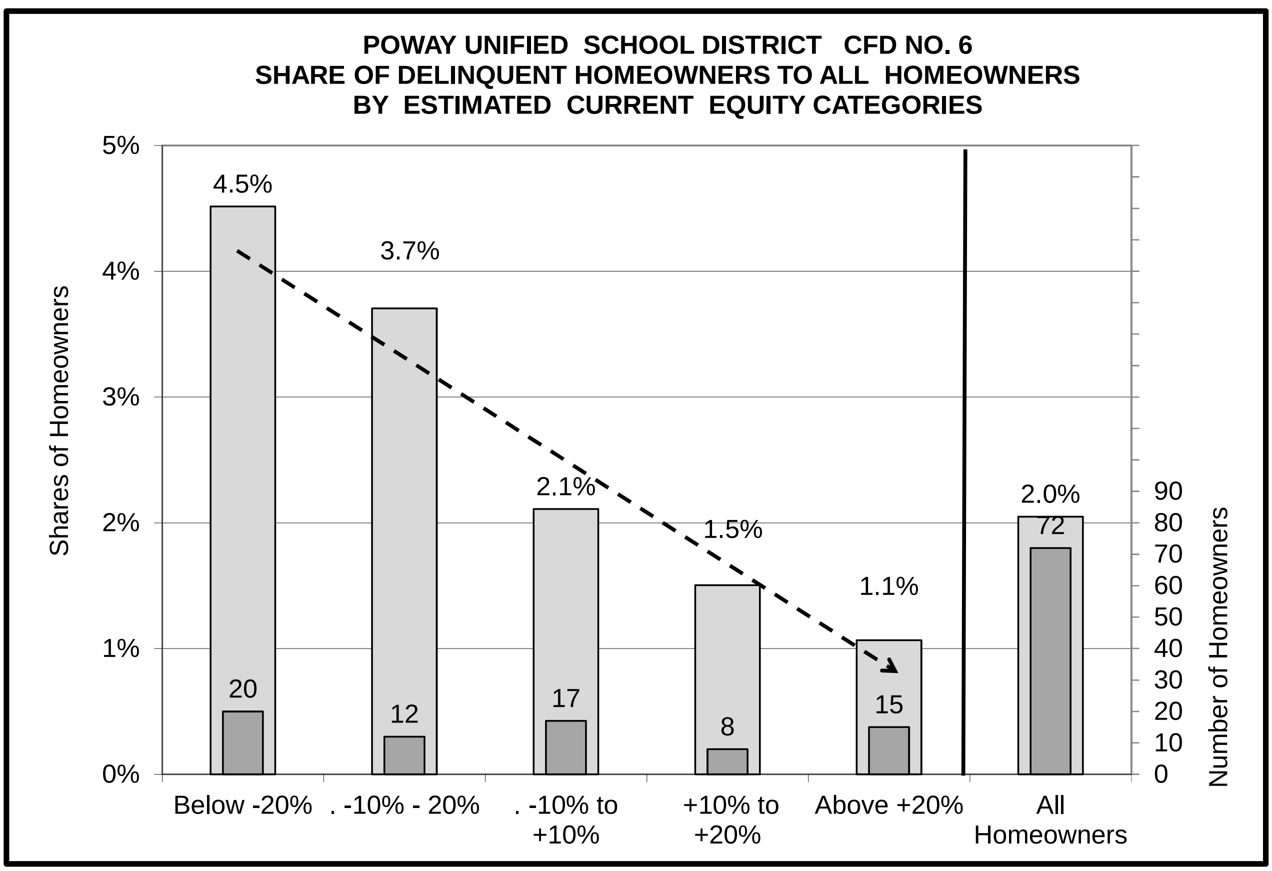
Estimated Levels of Current Equity and Special Tax Delinquencies

There were 72 homeowners that were INITIALLY delinquent in the payment of their 1st installment payment of their Special Taxes, and these represents approximately 2.0% of all the 3,502 homeowners; their distribution by equity categories is as follows:

- Of the 442 homeowners in the Below -20% category, 4.5% or 20 have been delinquent.
- Of the 324 homeowners in the -10% to -20% category, 3.7% or 12 have been delinquent.
- Of the 806 homeowners in the +10% to -10% category, 2.1% or 17 have been delinquent.
- Of the 528 homeowners in the +10% to +20% category, 1.5% or 8 have been delinquent.
- Of the 1,402 homeowners in the Above 20% category, 1.1% or 15 have been delinquent.

So, there is a very strong correlation between the level of equity and the propensity for a Special Tax delinquency:

- Homeowners with current estimated equity of -20% or more have a 4.5% delinquency rate
- Homeowners with current estimated equity of +20% or more have only a 1.1% delinquency rate
- Furthermore, as the equity levels become stronger, the percentage of homeowners that are delinquent declines, and this occurs on a consistent systematic basis.



The above analysis has revealed that households that are delinquent in the payment of their Special Taxes typically have significant amounts of negative equity, and this can be attributed to the combined impact of such homeowners purchasing their homes during the housing market bubble and having a high LTV ratio.

Out of the 3,502 homeowners, there were 3,430 that were NOT delinquent in the payment of the 1st installment of Special Taxes for the 2011-2012 FY; accordingly, of these, the number of non-delinquent homeowners with various amounts of negative equity are as follows:

There are 734 (21%) homeowners that have relatively high amounts of negative equity:

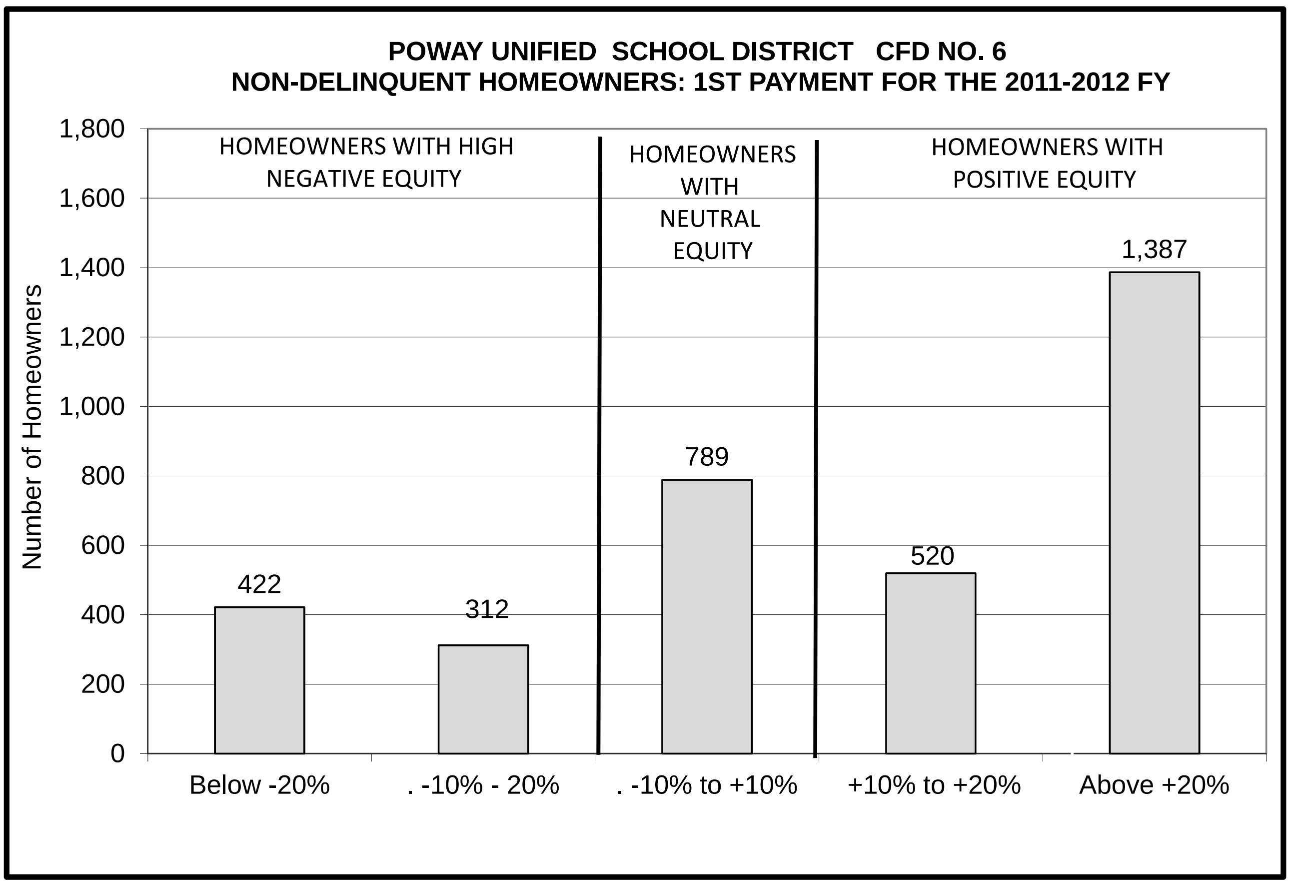
Below -20%: 422 homeowners
-20% to -10%: 312 homeowners

There are 789 (23%) homeowners that have approximately neutral amounts of equity, which means that the estimated current value of their homes is approximately equal to their original mortgage loans:

-10% to +10%: 789 such homeowners

The remaining 1,907 (56%) homeowners have relatively low negative equity or positive equity:

+10% to +20%: 520 such homeowners
Above +20%: 1,387 such homeowners

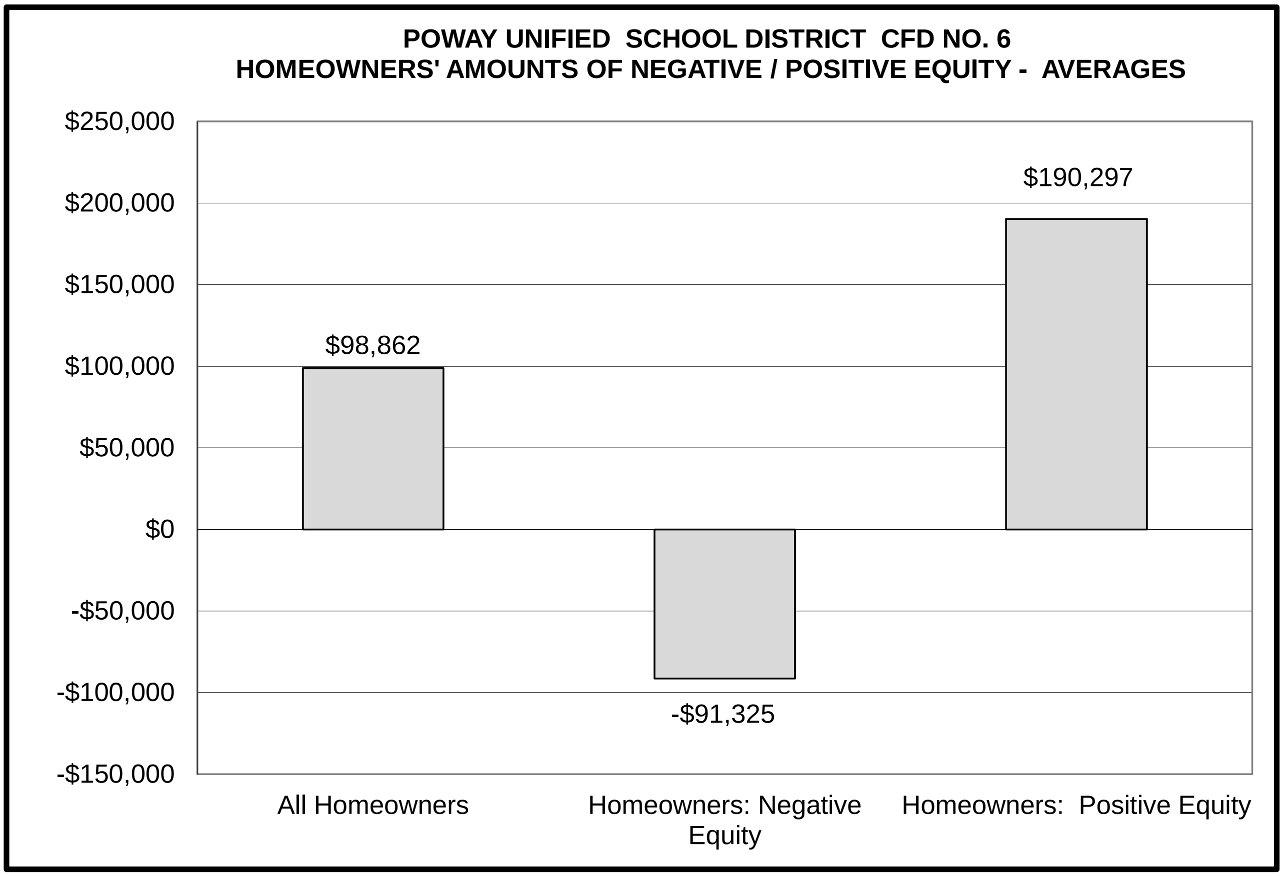


Homeowners' Current Equity and Price Changes

The purpose of this section is to discuss the characteristics of the homeowners with regards to the various levels of positive/negative equity, and the amount of price increases/decreases that would be required for them to return to a position of neutral equity.

The current equity gap for such homeowners is calculated based upon a comparison of the current estimated home values to the amount of their mortgage loans.

- For All of the homeowners, as a whole, they have positive equity of about +17% or +$98,862/avg.
- For 2,365 homeowners with Positive Equity, they have positive equity of about +32% or +$190,297/avg.
- For 1,137 homeowners with Negative Equity, they have a negative gap of about -18% or -$91,325/avg.

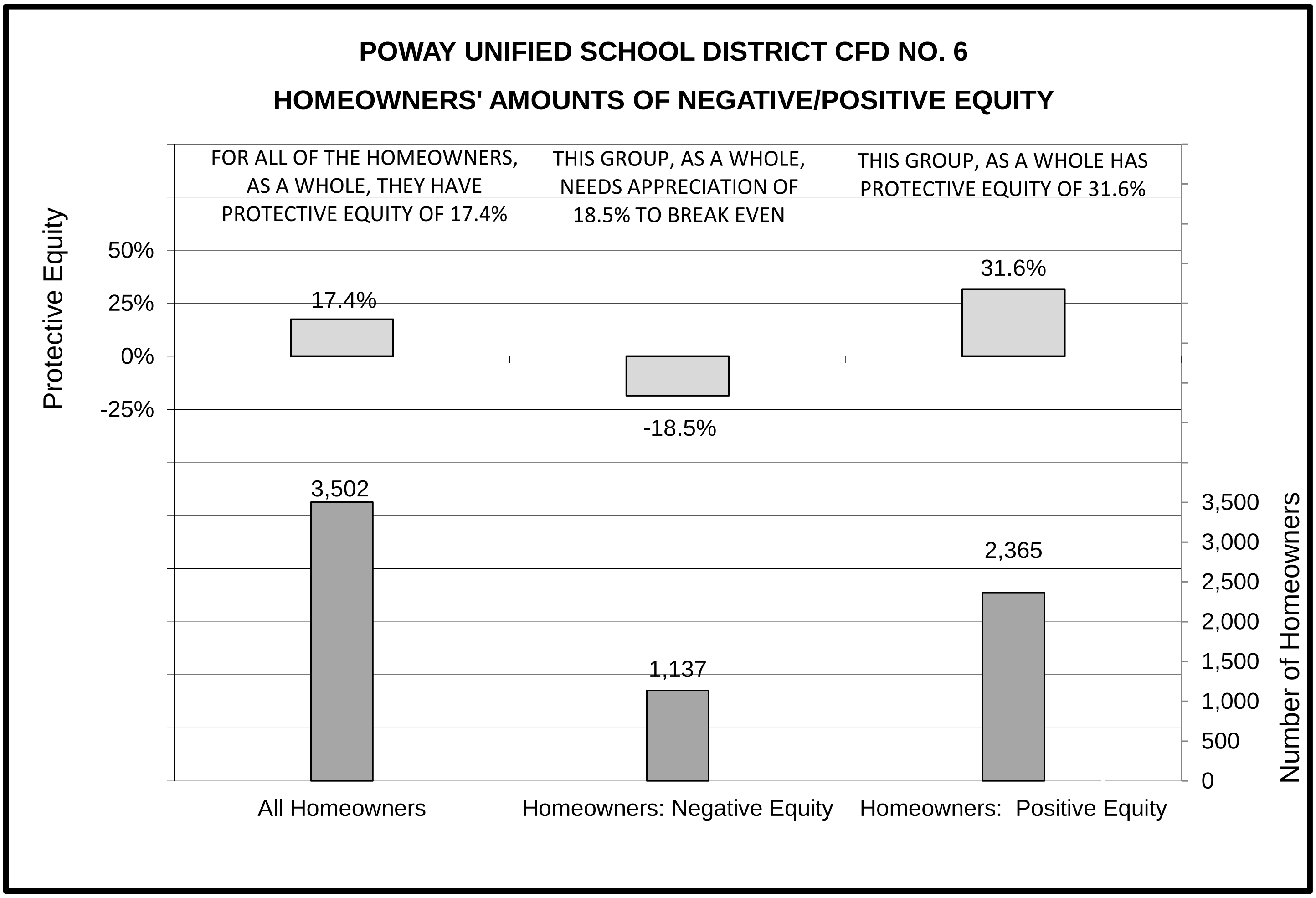


For these homeowners to return to a position of "neutral' equity, where the market values are equal to the amounts of their mortgage debt, the estimated current home prices would need to increase/decrease by the following amounts:

- For all of the homeowners, 3,502, they currently have a protective equity cushion of +17%, and so IF prices were to decline by -17%, then they would be at a position of neutral equity.

- For the 2,365 homeowners with Positive Equity, they currently have a protective equity cushion of +32%, on the average, so IF prices declined by -32% then they would have neutral equity.

- For the 1,137 homeowners with Negative Equity, they have a negative equity position (sometime referred to as being underwater) of -18%, on the average, and so IF prices were to increase by +18% then they would reach a position of neutral equity.



SECTION IV

MACROECONOMIC FACTORS UNDERLYING PROTECTIVE EQUITY LEVELS FOR HOMEOWNERS

As discussed above, since CFD No. 6 was marketing it homes during May 2001 to February 2012, it was subject to the full impact of the housing price bubble. For other CFDs that were also marketing products during the housing market bubble, Empire's research has shown their homeowners have had significant amounts of negative equity. **However, comprehensive research has revealed that although CFD No. 6 marketed many of its homes during the housing price bubble, it has some significant differentiating characteristics from the other CFDs; accordingly, these are now discussed.**

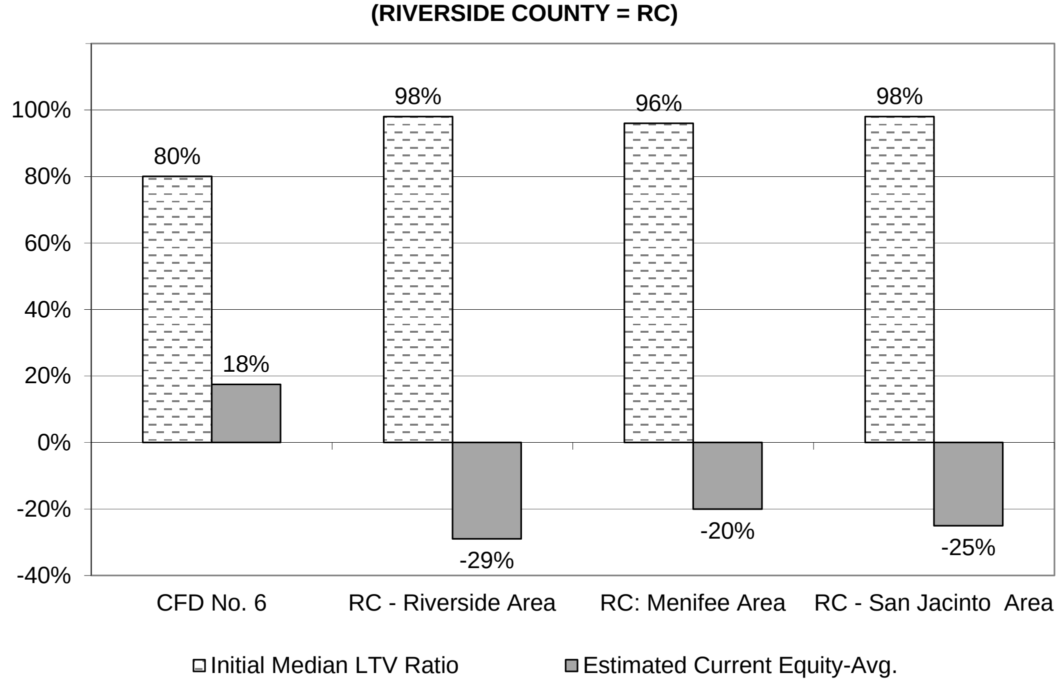
Specifically, there are three other CFDs that marketed homes during the housing price bubble for which Empire has performed mortgage studies, and these are all located in Riverside County, in the cities of Riverside, Menifee and San Jacinto

The primary indicators of the credit-worthiness of homeowners in a CFD are the following:

- **LTV Ratio:** This reflects the amount of protective equity that a homeowner has when the home is purchased: For CFD No. 6, the median LTV was 80% while for the other CFDs the median LTV were much higher, around 96% to 98%.
- **Estimated Current Equity:** This reflect the amount of current equity that homeowners have, which takes into consideration the original LTV and also the amount by which prices have declined since the original purchase. For CFD No. 6, the current level of protective equity is +18%, while for the other CFDs, all of their current equity levels are negative, ranging from -25% to -29%.

So, for CFD No. 6, the median LTV ratio and the estimated current protective equity levels are much stronger than for the other "market bubble" CFDs.

POWAY USD CFD NO. 6 AND OTHER "MARKET BUBBLE" CFDS
COMPARISON OF LTV AND CURRENT EQUITY LEVELS
(RIVERSIDE COUNTY = RC)



Further research has revealed that the economic factors underlying the favorable equity levels for the homeowner in CFD No. 6 can be attributed to the strong economic conditions in the local economy for the Poway USD.

Based upon significant research covering numerous economic statistics, the conclusion was that a primary metric for gauging the vitality of a local economy is the area's "unemployment rate".

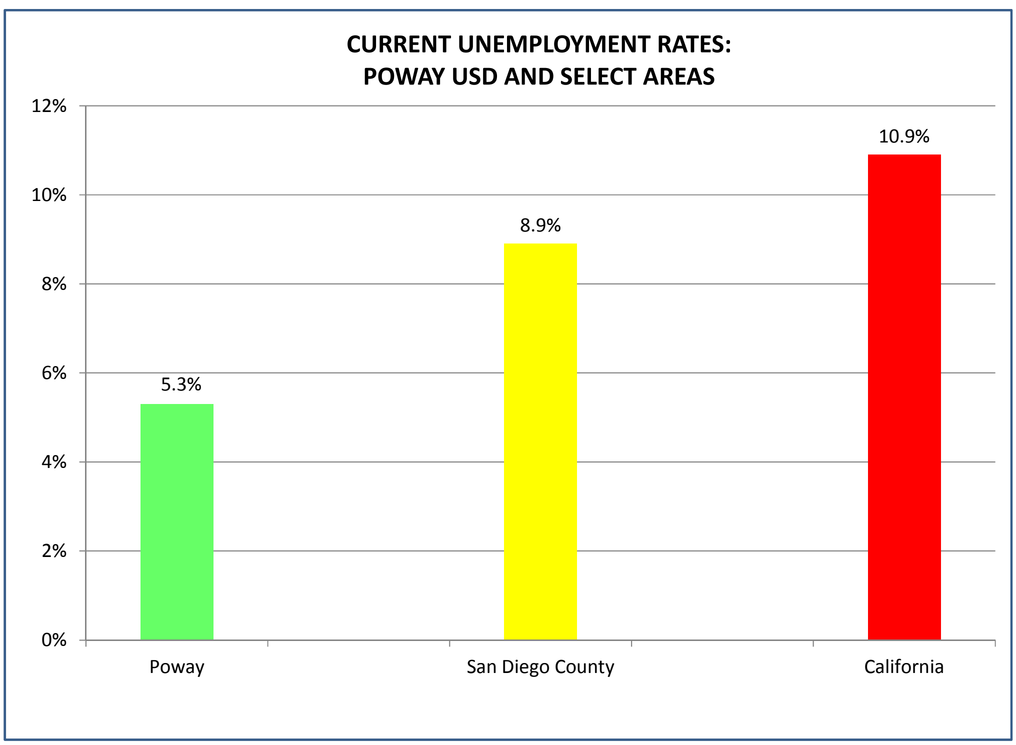
The converse of a "low" unemployment rate is, of course, a "high" employment rate.

The employment rate represents the economic well-being of the households residing in a specific local area, such as a city or a school district area. Although some of these households may be employed at firms that are located outside the city/school district area, they reside within the city/school district area.
(Note: Local employment data are reported by city.)

- For an area/city with a relatively high employment rate, its features are:
    - A low proportion of the population is unemployed.
    - The higher proportion of employment supports a stronger level of housing demand
    - More of the households have positive equity levels
    - The value of raw land being positive – beneficial to new development

The Poway USD has a current employment rate of 94.7% (or an unemployment rate of only 5.3%), while the other market bubble CFDs in Riverside County have employment rates which are much lower, ranging from 81% to 87%, or conversely, unemployment rates that are much higher, 13% to 19%.

So CFD No. 6 has a relatively strong economic base that supports the housing market, with regards to housing demand and price stability/increases. Furthermore, the strong local economy for CFD No. 6 also contributed to the local area having less of a price bubble than for San Diego County as a whole.



SECTION V

ASSUMPTIONS AND LIMITING CONDITIONS

The above analysis of the mortgage characteristics and also the estimated current equity levels of the homeowners in CFD No. 6 is meant to serve as a starting point to better understand the potential relationships to special tax delinquencies.

With regard to potential future special tax delinquencies, in general, as well as for CFD No. 6, in particular, these will be determined by a complex set of financial and economic factors, with some of the most significant factors/implications being as follows:

- **Recent/Near-term macroeconomic employment factors**: For instance, high levels of unemployment may impair the ability of some homeowners to make their mortgage and also their special tax payments in a timely manner, due to their diminished incomes.

- **Near-term foreclosures**: There were a number of homes that were purchased during the housing market bubble, and most of these now have negative levels of equity. Consequently, many of these are expected to undergo foreclosure or short sales during the next several years.

- **Future macroeconomic financial factors are difficult to predict**: For instance, significantly lower levels of mortgage rates could benefit homeowners, especially those with adjustable rate mortgages; however, higher rates would, of course, have an adverse impact.

- **The microeconomic financial resources of these homeowners can vary significantly**: For instance, homeowners that have investments in financial or other real estate assets could utilize these to assist with making their mortgage payments; however, homeowners without such alternative resources could be challenged in keeping pace with escalating mortgage payments.

The analysis performed herein does not attempt to arrive at a prediction of future special tax delinquencies for homeowners in CFD No. 6.

APPENDIX A

Mortgage Lenders

CURRENT HOMEOWNERS WITH MORTGAGE DATA

NOTE: INITIAL PAYMENT DELINQUENCY FOR 2011-2012FY; NOT ADJUSTED FOR SUBSEQUENT PAYMENTS

Mortgage Lenders	- Number of Homeowners -		- Share of Homeowners -	
(First Mortgages)	All	Delinquent	All	Delinquent
WELLS FARGO BK	449	2	12.8%	2.8%
BANK OF AMERICA	264	2	7.5%	2.8%
DUXFORD FIN'L INC	233	4	6.7%	5.6%
AMERICAS WHOLESALE LENDER	160	8	4.6%	11.1%
COUNTRYWIDE BK	120	3	3.4%	4.2%
WASHINGTON MUTUAL BK FA	116	3	3.3%	4.2%
JLH MTG	104	2	3.0%	2.8%
ALL OTHER LENDERS	2,056	50	58.7%	69.4%
TOTALS	3,502	72	87.2%	100.0%

APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE

SPECIAL TAX BONDS, SERIES 2012

Summary of the Bond Indenture and the Third Supplemental Indenture

The following summary of selected provisions of the Indenture, as amended and supplemented by the Third Supplemental Indenture, is made subject to all of the provisions of each such document. This summary discussion does not purport to be a complete statement of such provisions and prospective purchasers of the Series 2012 Bonds are referred to the complete text of the Indenture and the Third Supplemental Indenture, copies of which are available upon request sent to the Fiscal Agent.

Definitions

"Act" means the "Mello-Roos Community Facilities Act of 1982", as amended, being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California.

"Administrative Expense Fund" means the fund by that name established pursuant to the provisions of the Indenture.

"Administrative Expense Requirement" means an annual amount equal to $46,866.38, which amount shall escalate by 2% in each Bond Year commencing in the Bond Year beginning September 2, 2011 until the defeasance or maturity thereof.

"Administrative Expenses" means the expenses directly related to the administration of the District, including, but not limited to, the following: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the School District or a designee thereof or both); the costs of collecting the Special Taxes (whether by the County, the School District or otherwise); the costs of remitting the Special Taxes to the Fiscal Agent; the costs of the Fiscal Agent (including its legal counsel) in the discharge of the duties of the Fiscal Agent required under the Indenture; the costs of the School District, the District or any designee thereof of complying with the arbitrage rebate requirements; the costs of the School District, the District, or any designee thereof of complying with School District, District or obligated person disclosure requirements associated with applicable federal or state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the School District, District or any designee thereof related to an appeal of the Special Tax; and the costs of any credit enhancement obtained by the School District or the District. Administrative Expenses shall also include Delinquency Collection Expenses.

"Annual Debt Service" means, for each Bond Year, the sum of (a) the interest payable on the Outstanding Bonds in such Bond Year, and (b) the principal amount of the Outstanding Bonds scheduled to be paid in such Bond Year, including from mandatory sinking fund payments.

"Appraisal" means an appraisal prepared by the Appraiser or an MAI appraiser who is also a state certified appraiser, as defined in California Business and Professions Code Section 11340(c) appointed and retained by the School District or the District. Such appraisal shall be substantially based upon the then applicable assumptions of and subject to the then applicable qualifications and limitations contained in the appraisal prepared by the Appraiser and dated May 30, 2002.

"Appraiser" means Stephen G. White, MAI.

“Authorized Representative” of the District means the Superintendent, acting on behalf of the District, or any other person designated by the Board of Education or the Superintendent and authorized to act on behalf of the District under or with respect to the Indenture and all other agreements related thereto.

“Average Annual Debt Service” means, as of the date of any calculation, the average annual debt service on the Bonds based upon a Bond Year during the current or any future Bond Year.

“Bond Counsel” means an attorney or firm of attorneys, selected by the District, of nationally recognized standing in matters pertaining to the tax treatment of interest on bonds issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of the State.

“Bond Service Fund” means the fund created and established pursuant to the provisions of the Indenture.

“Bond Year” means, as to each Series of the Bonds, each twelve-month period extending from September 2 in one calendar year to September 1 of the succeeding calendar year, except in the case of the initial Bond Year which shall be the period from the Delivery Date thereof to the September 1 immediately following such Delivery Date.

“Bondowner” or “Owner”, or any similar term, means any person who shall be the registered owner or his duly authorized attorney, trustee, representative or assign of any Outstanding Bond which shall at the time be registered.

“Bonds” means the Series 2002 Bonds and any Parity Bonds authorized and issued by and at anytime Outstanding pursuant to the Indenture.

“Business Day” means a day that is not a Saturday or a Sunday or a day of the year on which banks in New York, New York and Los Angeles, California, or where the Principal Corporate Trust Office is located, are not required or authorized to remain open.

“Code” means the Internal Revenue Code of 1986, as amended.

“Costs of Issuance” means, as to each Series of the Bonds, all of costs of issuing such Series of the Bonds, including but not limited to, all printing and document preparation expenses in connection with the Indenture and any Supplemental Indenture, such Series of the Bonds, and any and all other agreements, instruments, certificates or other documents issued in connection therewith; any computer and other expenses incurred in connection with such Series of the Bonds; the initial fees and expenses of the Fiscal Agent (including without limitation, legal fees, acceptance fees and first annual fees payable in advance); the fees and expenses of the appraiser, market absorption consultant, bond counsel, disclosure counsel, special tax consultant and other fees and expenses incurred in connection with the issuance of such Series of the Bonds, to the extent such fees and expenses are approved by the District.

“Costs of Issuance Fund” means the fund by that name established pursuant to the provisions of the Indenture.

“Delinquency Proceeds” means the net amounts collected from the redemption of delinquent Special Taxes including the penalties and interest thereon and from the sale of property sold as a result of the foreclosure of the lien of the Special Tax resulting from the delinquency in the payment of Special Taxes due and payable on such property and net of County of San Diego, foreclosure counsel and other fees and expenses incurred by or on behalf of the District or the School District in undertaking such foreclosure proceedings.

“Delivery Date” means the date on which each Series of the Bonds are issued and delivered to the initial purchaser thereof.

“Depository” shall mean DTC and its successors and assigns or if (a) the then Depository resigns from its functions as securities depository of the Bonds, or (b) the District discontinues use of the Depository pursuant to the Indenture, any other securities depository which agrees to follow procedures required to be followed by a securities depository in connection with the Bonds and which is selected by the Deputy Superintendent.

"District" means Community Facilities District No. 6 (4S Ranch) of the Poway Unified School District.

"DTC" shall mean The Depository Trust Company, New York, New York, and its successors and assigns.

"First Supplemental Indenture" means the First Supplemental Indenture, dated as of November 1, 2005, entered into by and between the District and the Fiscal Agent, pursuant to and in order to amend and supplement the Indenture.

"Fiscal Agent" means Zions First National Bank, as successor to State Street Bank and Trust Company of California, N.A., and any successor thereto.

"Fiscal Year" means the 12 month period beginning July 1 of each year and terminating on June 30 of the following year, or any other annual accounting period hereinafter selected and designated by the District as its fiscal year in accordance with applicable law.

"Fourth Supplemental Indenture" means the Fourth Supplemental Indenture, dated as of May 1, 2012, entered into by and between the District and the Fiscal Agent, pursuant to and in order to amend and supplement the Indenture, the First Supplemental Indenture, the Second Supplemental Indenture and the Third Supplemental Indenture.

"General Counsel" means an attorney or firm of attorneys acting as the general counsel of the Series 2007 Bonds Insurer.

"Government Obligations" means obligations described in Paragraph A of the definition of Permitted Investments.

"Gross Proceeds" has the meaning ascribed to such term in Section 148(f)(6) of the Code.

"Guaranty Agreement" means that certain Guaranty Agreement by and between the District and the 2007 Bonds Insurer delivered as part of the consideration for the execution by the 2007 Bonds Insurer of the Surety Bond.

"Guaranty Agreement Reimbursements" means any reimbursement payment required to be made by the District to the 2007 Bonds Insurer pursuant to the Guaranty Agreement.

"Indenture" means the Bond Indenture, dated as of August 1, 2002, as amended or supplemented pursuant to the terms thereof.

"Independent Accountant" means any certified public accountant or firm of such certified public accountants appointed and paid by the District, and who, or each of whom:

1. is in fact independent and not under domination of the District or the School District;
2. does not have any substantial interest, direct or indirect, in the District or the School District; and
3. is not an officer or employee of the District or the School District, but who may be regularly retained to make annual or other audits of the books of or reports to the School District or the District.

"Interest Account" means the account by that name established within the Bond Service Fund pursuant to the provisions of the Indenture.

"Interest Payment Date" means March 1 and September 1 of each year, commencing March 1, 2003 as to the Series 2002 Bonds, March 1, 2006 as to the Series 2005 Bonds, March 1, 2008 as to the Series 2007 Bonds, March 1, 2011 as to the Series 2010 Bonds and September 1, 2012 as to the Series 2012 Bonds.

"Investment Agreement" means any investment satisfying the requirements of Paragraph 11 of the definition of Permitted Investments.

"Land Secured Debt" means, as to any Taxable Property (as such term is defined in the Special Tax RMA), (a) the principal amount of all Outstanding Parity Bonds previously issued and the Parity Bonds proposed to be issued allocable to such Taxable Property, (b) the principal amount of all other bonds secured by special taxes allocable to such Taxable Property and (c) the amount of all fixed lien assessments levied on such Taxable Property.

"Legislative Body" means the Board of Education of the School District, acting as the legislative body of the District.

"Maximum Annual Debt Service" means, as of the date of any calculation, the largest Annual Debt Service during the current or any future Bond Year.

"Moody's" means Moody's Investors Service, its successors and assigns.

"Net Special Tax Revenues" means Special Tax Revenues minus amounts applied to pay the Administrative Expense Requirement.

"Nominee" shall mean the nominee of the Depository, that may be the Depository, as determined from time to time by the Depository.

"Outstanding" means as to each respective series of the Bonds, all of the Bonds, except:

1. Bonds theretofore canceled or surrendered for cancellation;
2. Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Fiscal Agent pursuant to the terms of the Indenture; and
3. Bonds for the payment or redemption of which moneys shall have been theretofore deposited in trust (whether upon or prior to the maturity or the redemption date of such bonds), provided that, if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in the Indenture or any applicable Supplemental Indenture.

"Parity Bonds" means Bonds issued after the Series 2002 Bonds which are secured by and payable from an irrevocable first lien on the Net Special Tax Revenues which lien is on a parity with the lien securing the Series 2002 Bonds.

"Participant" shall mean a member of or participant in the Depository.

"Permitted Investments" means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein (the Fiscal Agent shall be entitled to rely upon any written investment direction from an Authorized Representative of the District as a certification to the Fiscal Agent that such investment constitutes a Permitted Investment):

A. The following obligations may be used for all purposes, including defeasance investments:

(1) Cash (insured at all times by the Federal Deposit Insurance Corporation).

(2) Obligations of, or obligations guaranteed as to principal and interest by, the U.S. or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the U.S. including:

(a) U.S. treasury obligations,

(b) all direct or fully guaranteed obligations,

(c) Farmers Home Administration,

(d) General Services Administration,

(e) Guaranteed Title XI financing,

(f) Government National Mortgage Association (GNMA), and

(g) State and Local Government Series.

Any security used for defeasance must provide for the timely payment of principal and interest and cannot be callable or pre-payable prior to maturity or earlier redemption of the rated debt (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date).

B. The following obligations may be used as for all purposes other than defeasance investments in refunding escrow accounts:

(1) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

(a) Export-Import Bank,

(b) Rural Economic Community Development Administration,

(c) U.S. Maritime Administration,

(d) Small Business Administration,

(e) U.S. Department of Housing & Urban Development (PHAs),

(f) Federal Housing Administration, and

(g) Federal Financing Bank.

(2) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

(a) senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC);

(b) obligations of the Resolution Funding Corporation (REFCORP);

(c) senior debt obligations of the Federal Home Loan Bank System; and

(d) senior debt obligations of other Government Sponsored Agencies approved by the 2007 Bonds Insurer and the insurer of any Series of Parity Bonds.

(3) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" by S&P and maturing not more than 360 calendar days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank.)

(4) Commercial paper which is rated at the time of purchase in the single highest classification, "P-1" by Moody's and "A-1+" by S&P and which matures not more than 270 calendar days after the date of purchase.

(5) Investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P including funds for which the Fiscal Agent or an affiliate provides investment advice or other services.

(6) Pre-refunded municipal obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice:

(a) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Moody's or S&P or any successors thereto; or

(b) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in A.(2) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate; and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate.

(7) Municipal obligations rated "Aaa/AAA" or general obligations of States with a rating of "A2/A" or higher by both Moody's and S&P.

(8) Investment agreements approved in writing by the 2007 Bonds Insurer and the insurer of any Series of Parity Bonds (supported by appropriate opinions of counsel).

(9) Other forms of investments (including repurchase agreements) approved in writing by 2007 Bonds Insurer and the insurer of any Series of Parity Bonds.

(10) Any other investment which the District is permitted by law to make as approved in writing by the 2007 Bonds Insurer, including without limitation investment in the Local Agency Investment Fund of the State of California (LAIF), provided that any investment of the type authorized pursuant to paragraphs (d), (e), (h), and (i) of Section 53601 of the California Government Code are additionally restricted as provided in the appropriate paragraph or paragraphs above applicable to such type of investment and provided further that investments authorized pursuant to paragraphs (r) and (m) of Section 53601 of the California Government Code are not permitted.

The value of any Permitted Investment shall be determined as follows:

(1) for the purpose of determining the amount in any fund, all Permitted Investments credited to such fund shall be valued at fair market value. The Fiscal Agent shall determine the fair market value based on accepted industry standards and from accepted industry providers. Accepted industry providers shall include but are not limited to pricing services provided by Financial Times Interactive Data Corporation, Merrill Lynch, Salomon Smith Barney, Bear Stearns, or Lehman Brothers;

(2) as to certificates of deposit and bankers' acceptances: the face amount thereof, plus accrued interest thereon; and

(3) as to any Permitted Investment not specified above: the value thereof established by prior agreement among the District, the Fiscal Agent, the 2007 Bonds Insurer and the insurer of any Series of Parity Bonds.

"Prepayments" means Special Tax Revenues identified to the Fiscal Agent by an Authorized Representative as representing a prepayment of the Special Tax.

"Principal Corporate Trust Office" means the office of the Fiscal Agent at 550 South Hope Street, Suite 2650, Los Angeles, CA 90071 or such other offices as may be specified to the District by the Fiscal Agent in writing.

"Qualified Reserve Fund Credit Instrument" means an irrevocable standby or direct pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Fiscal Agent pursuant to the Indenture and approved as to form and substance by the Series 2007 Bonds Insurer, provided that all of the following requirements are met by the District at the time of delivery thereof to the Fiscal Agent:

1. the long term credit rating of such bank or insurance company is Aa or better from Moody's and AA or better from S&P;
2. such letter of credit or surety bond has a term of at least twelve (12) months;
3. such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released pursuant to the Indenture; and
4. the Fiscal Agent is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Interest Account or the Principal Account for the purpose of making payments required pursuant to the Indenture.

"Rebate Fund" means the fund by that name established pursuant to the Indenture.

"Record Date" shall mean the fifteenth (15th) calendar day of the month immediately preceding an Interest Payment Date whether or not such day is a Business Day.

"Redemption Fund" means the fund by that name established pursuant to the Indenture.

"Regulations" means the regulations promulgated under the Internal Revenue Code of 1986, as amended.

"Reserve Fund" means the fund by that name established pursuant to the Indenture.

"Reserve Requirement" means an amount which shall, as of any date of calculation, be equal to the least of (i) Maximum Annual Debt Service for the Bonds; (ii) one hundred twenty-five percent (125%) of Average Annual Debt Service for the Bonds; or (iii) ten percent (10%) of the original principal amount of the Bonds less original issue discount, if any, plus original issue premium, if any, applicable to the Bonds.

"School District" means the Poway Unified School District.

"School Facilities" means the types of facilities described in Exhibit A to Resolution No. 63-98 of the Board of Education of the School District adopted February 17, 1998.

"School Facilities Fund" means the fund by that name established pursuant to the Indenture.

"Second Supplemental Indenture" means the Second Supplemental Indenture, dated as of June 1, 2007, entered into by and between the District and the Fiscal Agent, pursuant to and in order to amend and supplement the Indenture and the First Supplemental Indenture.

"Series" means any series of the Bonds issued pursuant to the Indenture.

"Series 2002 Bonds" means the $25,000,000 Poway Unified School District Community Facilities District No. 6 Special Tax Bonds, Series 2002 issued pursuant to the Indenture

"Series 2005 Bonds" means the $44,305,000 Poway Unified School District Community Facilities District No. 6 (4S Ranch) Special Tax Bonds, Series 2005.

"Series 2007 Bonds" means the $37,910,000 Poway Unified School District Community Facilities District No. 6 (4S Ranch) Special Tax Bonds, Series 2007.

"Series 2007 Bonds Insurer" means Ambac Assurance Corporation, a Wisconsin domiciled stock insurance company.

"Series 2010 Bonds" means the $5,775,000 Poway Unified School District Community Facilities District No. 6 (4S Ranch) Special Tax Bonds, Series 2010.

"Series 2012 Bonds" means the $38,940,000 Poway Unified School District Community Facilities District No. 6 (4S Ranch) Special Tax Bonds, Series 2012.

"Series 2012 Bonds School Facilities Account" means the account by that name established in the School Facilities Fund pursuant to the Fourth Supplemental Indenture.

"Special Tax" means the Special Taxes authorized to be levied in the District to finance the acquisition or construction of the School Facilities pursuant to the Act and the Special Tax RMA excepting therefrom (a) the One -Time Special Tax (as defined in the Special Tax RMA) and (b) the Assigned Annual Special Tax (as defined in the Special Tax RMA) for Undeveloped Property (as defined in the Special Tax RMA) located in Zone A (as defined in the Special Tax RMA) of the District.

"Special Tax Consultant" means any person or firm possessing demonstrated experience and expertise in the preparation of special tax formulas and/or the administration of special taxes levied for community facilities districts. Any such person or firm shall be appointed and paid by the District and who, or each of whom:

1. is in fact independent and not under domination of the District or the School District;
2. does not have any substantial interest, direct or indirect, in the District or the School District; and
3. is not an officer or employee of the District or the School District, but who may be regularly retained by the School District or other community facilities districts formed by the School District to administer the levy of special taxes within such community facilities districts.

"Special Tax Fund" means the fund by that name established pursuant to Indenture.

"Special Tax Revenues" means (a) the proceeds of the Special Tax levied and received by the District, and (b) the Delinquency Proceeds.

"Special Tax RMA" means the rate and method of apportionment of the Special Tax approved at the special election held in the District on March 24, 1998, as may be modified from time to time in accordance with the Act.

"Standard & Poor's" or "S&P" means Standard & Poor's Rating Services, its successors and assigns.

"State" means the State of California.

"Superintendent" means the Superintendent of the School District, acting for and on behalf of the District.

"Supplemental Indenture" means any bond indenture then in full force and effect which has been duly approved by resolution of the Legislative Body under and pursuant to the Act at a meeting of the Legislative Body duly convened and held, at which a quorum was present and acted thereon, amendatory thereto or supplemental thereto; but only if and to the extent that such Supplemental Indenture is specifically authorized thereunder.

"Surety Bond" means the surety bond issued by the Series 2007 Bonds Insurer guaranteeing certain payments into the Reserve Fund with respect to the Series 2002 Bonds, the Series 2005 Bonds, and the Series 2007 Bonds as provided therein and subject to the limitations set forth therein.

"Tax Exempt" means, with reference to a Permitted Investment, a Permitted Investment the interest earnings on which are excludable from gross income for federal income tax purposes pursuant to Section 103(a) of the Code, other than one described in section 57(a)(5)(C) of the Code.

"Third Supplemental Indenture" means the Third Supplemental Indenture, dated as of October 1, 2010, entered into by and between the District and the Fiscal Agent, pursuant to and in order to amend and supplement the Indenture, the First Supplemental Indenture, and the Second Supplemental Indenture.

"Yield" has the meaning assigned to such term for purposes of Section 148(f) of the Code.

Establishment of Funds and Accounts

Special Tax Fund

A. The District shall, no later than the tenth (10th) Business Day after which Special Tax Revenues have been received by the District and in any event not later than February 15th and August 15th of each year, transfer such Special Tax Revenues to the Fiscal Agent and, except as set forth in the following sentence, such amounts shall be deposited in the Special Tax Fund.

B. With the exception of Special Tax Revenues representing Prepayments which shall be transferred pursuant to the provisions of paragraph C below, the Special Tax Revenues deposited in the Special Tax Fund shall be held in trust or transferred to the following other funds and accounts or disbursed on the dates and in the amounts set forth in the following paragraphs and in the following order of priority:

1. The Fiscal Agent shall each Fiscal Year transfer to the Administrative Expense Fund from the first Special Tax Revenues received by the Fiscal Agent during such Fiscal Year an amount equal to the Administrative Expense Requirement.

2. The Fiscal Agent shall deposit in the Interest Account of the Bond Service Fund, on each Interest Payment Date and date for redemption of the Bonds, an amount required to cause the aggregate amount on deposit in the Interest Account to equal the amount of interest due or becoming due and payable on such Interest Payment Date on all Outstanding Bonds or to be paid on the Bonds being redeemed on such date.

3. The Fiscal Agent shall deposit in the Principal Account of the Bond Service Fund, on each Interest Payment Date and redemption date on which the principal of the Bonds shall be payable, an amount required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of, and premium (if any) on, the Bonds coming due and payable on such Interest Payment Date, or required to be redeemed from mandatory sinking fund payments on such date pursuant to the provisions of the Indenture.

4. On or after March 2 and September 2 of each year after making the transfer and deposits required under paragraphs 1. through 3. above, the Fiscal Agent shall transfer the amount, if any, necessary to replenish the amount then on deposit in the Reserve Fund to an amount equal to the Reserve Requirement, without taking into account the Surety Bond Coverage as defined in and available under the Surety Bond until such date as the Surety Bond would constitute a Qualified Reserve Fund Credit Instrument if treated as acquired as of such date.

5. Subject only to the transfers pursuant to paragraphs 1 through 4 above, upon receipt of written instructions from an Authorized Representative, the Fiscal Agent shall make payment of any Guaranty Agreement Reimbursements due and owing the 2007 Bonds Insurer pursuant to the Guaranty Agreement.

6. On or after September 2 of each year after making the deposits and transfers required under paragraphs 1 through 5 above, upon receipt of written instructions from an

Authorized Representative, the Fiscal Agent shall transfer from the Special Tax Fund to the Rebate Fund the amount specified in such request.

7. On or after September 2 of each year after making the deposits and transfers required under paragraphs 1 through 6 above, upon receipt of a written request of an Authorized Representative, the Fiscal Agent shall transfer from the Special Tax Fund to the Administrative Expense Fund the amounts specified in such request to pay those Administrative Expenses which the District reasonably expects (a) will become due and payable during such Fiscal Year or the cost of which Administrative Expenses have previously been incurred and paid by the District from funds other than the Administrative Expense Fund and (b) the cost of which Administrative Expenses will be in excess of the Administrative Expense Requirement for such Fiscal Year.

8. If, on or after September 2 of each year, after making the deposits and transfers required under paragraphs 1 through 7 above, moneys remain in the Special Tax Fund, such moneys shall remain on deposit in the Special Tax Fund and shall be subsequently deposited or transferred pursuant to the provisions of 1 through 7 above, provided, however, that if the District notifies the Fiscal Agent that the levy of Special Taxes on Developed Property exceeds the Special Tax Requirement (as defined in the Special Tax RMA), then excess moneys may be paid to the School District to be used to pay for the acquisition, construction, rehabilitation and improvement of School Facilities.

C. The Fiscal Agent shall, upon receipt of Special Tax Revenues representing Prepayments together with written instructions of the District executed by an Authorized Representative, immediately transfer such Prepayments pursuant to such written instructions into the Interest Account of the Bond Service Fund and the Redemption Fund, as applicable, and utilize such funds to pay the interest and premium, if any, on and principal of Bonds to be redeemed pursuant to the provisions of the Indenture.

D. When there are no longer any Bonds Outstanding, any amounts then remaining on deposit in the Special Tax Fund shall be transferred to the District and used for any lawful purpose under the Act.

Bond Service Fund

Interest Account. All moneys in the Interest Account shall be used and withdrawn by the Fiscal Agent solely for the purpose of paying interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds redeemed prior to maturity).

Principal Account. All moneys in the Principal Account shall be used and withdrawn by the Fiscal Agent solely for the purpose of (i) paying the principal of the Bonds at the maturity thereof and (ii) paying the principal of the Term Bonds upon the mandatory sinking fund redemption thereof pursuant to the Indenture.

Costs of Issuance Fund The Fiscal Agent shall, upon the written requisition executed by an Authorized Representative, disburse money from the Costs of Issuance Fund, if any, on such dates and in such amounts as specified in such requisition. Any amounts remaining on deposit in the Costs of Issuance Fund on the earlier of the date on which all Costs of Issuance related to each Series of the Bonds have been paid as stated in writing by an Authorized Representative delivered to the Fiscal Agent or six months after the Delivery Date of each Series of the Bonds shall be transferred to the School Facilities Fund.

Series 2012 Bonds School Facilities Account of the School Facilities Fund The Fiscal Agent shall, from time to time, disburse moneys from the Series 2012 Bonds School Facilities Account of the School Facilities Fund to pay School Facilities Costs. Upon receipt of a payment request of the District duly executed by an Authorized Representative, the Fiscal Agent shall pay the School Facilities Costs from amounts in the Series 2012 Bonds School Facilities Account directly to the contractor or such other person, corporation or entity entitled to payment under the Indenture (including reimbursements, if any, to the District) unless the District requests payment to be made to the contractor or such other party jointly, in which case said School Facilities Costs shall be paid jointly.

After the final payment or reimbursement of all School Facilities Costs as certified by delivery of a written notice from an Authorized Representative to the Fiscal Agent, the Fiscal Agent shall transfer excess moneys, if any, on deposit in, or subsequently deposited in, the School Facilities Fund, including the Series 2012 Bonds School Facilities Account, to the Special Tax Fund and the Fiscal Agent shall apply the amount so transferred in accordance with the provisions of the Indenture. Upon such transfer, the School Facilities Fund shall be closed.

Notwithstanding anything in the Indenture to the contrary, if on the date which is three (3) years from the Delivery Date of the Series 2012 Bonds, any funds derived from the Bonds remain on deposit in the Series 2012 Bonds School Facilities Account, upon written instruction from the District, the Fiscal Agent shall restrict the Yield on such amounts so that the Yield earned on the investment of such amounts is not in excess of the Yield on the Series 2012 Bonds, unless in the written opinion of Bond Counsel delivered to the Fiscal Agent such restriction is not necessary to prevent an impairment of the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Reserve Fund Moneys on deposit in the Reserve Fund shall be used solely for the purpose of paying the principal of and interest on the Bonds as such amounts shall become due and payable in the event that the moneys in the Special Tax Fund and the Bond Service Fund for such purpose are insufficient therefor for redeeming Bonds as described below. The Fiscal Agent shall, when and to the extent necessary, withdraw money from the Reserve Fund and transfer such money to the Bond Service Fund or the Redemption Fund for such purpose.

All Authorized Investments in the Reserve Fund shall be valued at their fair market value at least semi-annually on March 1 and September 1. On any date after the transfers from the Special Tax Fund to the Administrative Expense Fund and the Bond Service Fund required by the Indenture have been made for any Bond Year, if the amount of on deposit in the Reserve Fund (excluding from such amount the Surety Bond Coverage available under the Surety Bond, until such date as the Surety Bond would constitute a Qualified Reserve Fund Credit Instrument if treated as acquired as of such date) is less than the Reserve Requirement, the Fiscal Agent shall transfer to the Reserve Fund from the first available moneys in the Special Tax Fund an amount necessary to increase the balance therein to the Reserve Requirement.

All cash and investments in the Reserve Fund, if any, shall be transferred for payment of debt service on the Bonds before any draw may be made on the Surety Bond and/or other Qualified Reserve Fund Credit Instrument included within the Reserve Fund. Notwithstanding the foregoing, draws on the Surety Bond may not be used to pay debt service on any Bonds other than the Series 2002 Bonds, Series 2005 Bonds, or Series 2007 Bonds without the prior written consent of the Series 2007 Bonds Insurer.

If on March 1 or on September 1, or on the first Business Day thereafter if March 1 or September 1 is not a Business Day, of each year, the amount on deposit in the Reserve Fund is in excess of the Reserve Requirement, the Fiscal Agent shall transfer such excess to the Interest Account of the Bond Service Fund. In connection with any optional redemption of the Bonds, amounts on deposit in the Reserve Fund which would be in excess of the Reserve Requirement following such redemption shall be transferred to the Redemption Fund or the Interest Account of the Bond Service Fund, as applicable, prior to such redemption and applied to such redemption of Bonds pursuant to written instructions of the District executed by an Authorized Representative. Notwithstanding the foregoing, if on any such aforementioned date, the Surety Bonds would constitute a Qualified Reserve Fund Credit Instrument if treated as acquired as of such date, the amount of the Surety Bond Coverage available under the Surety Bond may be taken into account in determining if the amount then on deposit in the Reserve Fund is in excess of the Reserve Requirement and the District may direct the Fiscal Agent to transfer to the District moneys then on deposit in the Reserve Fund in the amount of such excess resulting from the inclusion of the Surety Bond Coverage in such determination. Any such amount transferred to the District pursuant to the preceding sentence may be utilized for any authorized purpose of the District.

In addition to the cash and investments on deposit in the Reserve Fund, there was credited to the Reserve Fund on the Closing Date for the Series 2007 Bonds a Surety Bond in an amount then representing the incremental increase in the Reserve Requirement due to the issuance of the Series 2007 Bonds, such that as of the date of issuance of the Series 2007 Bonds, funds available in the Reserve Fund, together with the Surety Bond, aggregate the Reserve Requirement. Proceeds of the Series 2012 Bonds will be transferred to and deposited in the Reserve Fund pursuant to the Fourth Supplemental Indenture to increase the amount in the Reserve Fund (without taking into account the amount of the Surety Bond Coverage available under the Surety Bond) to the Reserve Requirement for Bonds, including the Series 2012 Bonds.

As long as the Surety Bond shall be in full force and effect, the District and the Fiscal Agent agree to comply with the following provisions:

(i) In the event and to the extent that moneys on deposit in the Revenue Fund, plus all amounts on deposit in and credited to the Reserve Fund in excess of the amount of the Surety Bond, are insufficient to pay the amount of principal and interest coming due, then upon the later of: (A) one (1) day after receipt by the General Counsel of a demand for payment in the form attached to the Surety Bond as Attachment 1 (the "Demand for Payment"), duly executed by the Fiscal Agent certifying that payment due under the Indenture has not been made to the Fiscal Agent; or (B) the payment date of the Bonds as specified in the Demand for Payment presented by the Fiscal Agent to the General Counsel, the 2007 Bonds Insurer will make a deposit of funds in an account with the Fiscal Agent or its successor, in New York, New York, sufficient for the payment to the Fiscal Agent, of amounts which are then due to the Fiscal Agent under the Indenture (as specified in the Demand for Payment) up to but not in excess of the Surety Bond Coverage, as defined in the Surety Bond; provided, however, that in the event that the amount on deposit in, or credited to, the Reserve Fund, in addition to the amount available under the Surety Bond, includes amounts available under an additional Qualified Reserve Fund Credit Instrument, draws on the Surety Bond and the additional Qualified Reserve Fund Credit Instrument shall be made on a pro rata basis to fund the insufficiency.

(ii) The Fiscal Agent shall, after submitting to the 2007 Bonds Insurer the Demand for Payment as provided in (i) above, make available to the 2007 Bonds Insurer all records relating to the Funds and Accounts maintained under the Indenture.

(iii) The Fiscal Agent shall, upon receipt of moneys received from the draw on the Surety Bond, as specified in the Demand for Payment, credit the Reserve Fund to the extent of moneys received pursuant to such Demand of Payment.

(iv) The Reserve Fund shall be replenished in the following priority: (A) principal and interest on the Surety Bond and on any additional Qualified Reserve Fund Credit Instrument shall be paid on a pro rata basis from the first available Net Special Tax Revenues; (B) after all amounts as described in (A) are paid in full, amounts necessary to fund the Reserve Fund to the required level on a pro rata basis, after taking into account the amounts available under the Surety Bond and any additional Qualified Reserve Fund Credit Instrument shall be deposited from next available Special Tax Revenues.

Upon receipt of written instructions of the District executed by an Authorized Representative instructing the Fiscal Agent to transfer certain moneys representing a Reserve Fund credit for a Prepayment pursuant to the Special Tax RMA, the Fiscal Agent shall transfer the amount specified in such instructions from the Reserve Fund to the Redemption Fund for the purpose of redeeming Bonds pursuant to such instructions.

Whenever the balance in the Reserve Fund and the Bond Service Fund exceeds the amount required to redeem or pay the Outstanding Bonds, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, the Fiscal Agent shall transfer the amount in the Reserve Fund to the Redemption Fund to be applied, on the next succeeding interest payment date, to the payment and redemption, of all of the Outstanding Bonds. In the event that the amount so transferred from the Reserve Fund to the Redemption Fund exceeds the amount required to pay and redeem the Outstanding Bonds, the balance in the Reserve Fund shall be transferred to the District to be used for any lawful purpose of the District as set forth in the Act.

Administrative Expense Fund The Fiscal Agent shall deposit from time to time the amounts authorized for deposit therein pursuant to the Indenture. The moneys in the Administrative Expense Fund shall be used to pay Administrative Expenses from time to time upon receipt by the Fiscal Agent of a written request executed by an Authorized Representative specifying the name and address of the payee and the amount of the Administrative Expense and a description thereof and further stating that such request has not formed the basis of any prior request for payment.

Redemption Fund Moneys shall be deposited into the Redemption Fund by the Fiscal Agent pursuant to the provisions of the Indenture. Such moneys shall be set aside and used solely for the purpose of paying the principal of, premium, if any, and interest on Bonds subject to optional or extraordinary mandatory redemption and the written instructions of an Authorized Representative given in accordance with the provisions of the Indenture. Any moneys remaining on deposit in the Redemption Fund following the redemption of any such Bonds shall remain on deposit therein and shall be used for the purposes provided for in this paragraph.

Investment of Funds

Unless otherwise specified in the Indenture, moneys in the Special Tax Fund, the Bond Service Fund, the School Facilities Fund, the Reserve Fund, the Costs of Issuance Fund and Administrative Expense Fund shall, at the written direction of the District executed by an Authorized Representative given at least two (2) days prior, be invested and reinvested in Permitted Investments (including investments with the Fiscal Agent or an affiliate of the Fiscal Agent or investments for which the Fiscal Agent or an affiliate of the Fiscal Agent acts as investment advisor or provides other services so long as the investments are Permitted Investments). Moneys in the Redemption Fund and the Rebate Fund shall, at the written direction of the District executed by an Authorized Representative, be invested in Government Obligations or money market funds comprised solely of Government Obligations and rated in the highest rating category of S&P. Notwithstanding anything in the Indenture to the contrary, in the absence of written investment instructions, the Fiscal Agent shall invest solely in investments identified in paragraph A(5) of the definition of Permitted Investments.

The District acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive brokerage confirmations of security transactions as they occur, the District specifically waives receipt of such confirmations to the extent permitted by law. The Fiscal Agent will furnish the District periodic cash transaction statements, which include detail for all investment transactions made by the Fiscal Agent under the Indenture. The Fiscal Agent shall not be required to provide statements for accounts with zero balances.

Obligations purchased as investments of moneys in any fund or account shall be deemed at all times to be a part of such fund or account. Except where provided otherwise in the Indenture, any income realized on or losses resulting from investments in any fund or account shall be credited or charged to such fund or account.

Subject to the restrictions set forth in the Indenture and/or any written investment instructions received by the Fiscal Agent pursuant to the Indenture, moneys in all funds and accounts, except for the Reserve Fund, shall be invested in Authorized Investments maturing, or with respect to which payments of principal and interest are scheduled or otherwise payable, not later than the date on which it is estimated that such moneys will be required by the Fiscal Agent for the purposes specified in the Indenture. With respect to amounts in the Reserve Fund, if such investments may be redeemed without penalty or premium on the business day prior to each Interest Payment Date, 100% of the amount on deposit in the Reserve Fund may be invested in such redeemable investments of any maturity on or prior to the final maturity of the Bonds. Authorized Investments purchased under a repurchase agreement may be deemed to mature on the date or dates on which the Fiscal Agent may deliver such Authorized Investments for repurchase under such agreement.

The Fiscal Agent shall sell or present for redemption any obligations so purchased whenever it may be necessary to do so in order to provide moneys to meet any payment or transfer for such funds and accounts or from such funds and accounts. The Fiscal Agent shall not be liable for any loss from any investments made or sold by it in accordance with the provisions of the Indenture.

The Fiscal Agent is authorized, in making or disposing of any authorized investment, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Fiscal Agent or for any third person or dealing as principal for its own account.

Parity Bonds

Subject to the satisfaction of the specific conditions set forth below, the District may at any time issue Parity Bonds payable from Net Special Tax Revenues and other amounts deposited in the funds and accounts created under the Supplemental Indenture (other than in the Rebate Fund and the Administrative Expense Fund) and secured by a lien and charge upon such amounts equal to the lien and charge securing the Outstanding Bonds and any other Parity Bonds theretofore issued under the Indenture or under any Supplemental Indenture; provided, however, that Parity Bonds may only be used for the purpose of refunding all or a portion of the Bonds or any Parity Bonds then outstanding.

The issuance of any Series of Parity Bonds shall be subject to the following additional specific conditions, which are conditions precedent to the issuance of such Parity Bonds:

1. The aggregate principal amount of the Series 2002 Bonds and all Parity Bonds issued may not exceed $130,000,000; provided, however, that, notwithstanding the foregoing, Parity Bonds may be issued at any time to refund Outstanding Bonds where the issuance of such Parity Bonds results in a reduction of Annual Debt Service on all Outstanding Bonds.

2. The District shall be in compliance with all covenants set forth in the Indenture and any Supplemental Indenture then in effect and a certificate of the District to that effect shall have been filed with the Fiscal Agent; provided, however, that Parity Bonds may be issued notwithstanding that the District is not in compliance with all such covenants so long as immediately following the issuance of such Parity Bonds the District will be in compliance with all such covenants.

3. The issuance of such Parity Bonds shall have been duly authorized pursuant to the Act and all applicable laws, and the issuance of such Parity Bonds shall have been provided for by a Supplemental Indenture duly adopted by the District which shall specify the following:

    A. The purpose for which such Parity Bonds are to be issued and the fund or funds and accounts therein, if any, into which the proceeds thereof are to be deposited, including a provision requiring the proceeds of such Parity Bonds to be applied solely for the purpose of refunding any Outstanding Bonds or Parity Bonds, including payment of all costs incidental to or connected with such refunding;

    B. The authorized principal amount of such Parity Bonds;

C. The date and the maturity date or dates of such Parity Bonds; provided that (1) each maturity date shall fall on a September 1, (2) all such Parity Bonds of like maturity shall be identical in all respects, except as to number, and (3) fixed serial maturities or mandatory sinking fund payments, or any combination thereof, shall be established to provide for the retirement of all such Parity Bonds on or before their respective maturity dates;

D. The description of the Parity Bonds, the place of payment thereof and the procedure for execution and authentication;

E. The denominations and method of numbering of such Parity Bonds;

F. The amount and due date of each mandatory sinking fund payment, if any, for such Parity Bonds;

G. The amount, if any, to be deposited from the proceeds of such Parity Bonds in the Reserve Fund to increase the amount therein to the Reserve Requirement;

H. The form of such Parity Bonds; and

I. Such other provisions as are necessary or appropriate and not inconsistent with the Indenture.

4. There shall have been received by the Fiscal Agent the following documents or money or securities, all of such documents dated or certified, as the case may be, as of the date of delivery of such Parity Bonds by the Fiscal Agent (unless the Fiscal Agent shall accept any of such documents bearing a prior date):

A. A certified copy of the Supplemental Indenture authorizing the issuance of such Parity Bonds;

B. A written request of the District as to the delivery of such Parity Bonds;

C. An opinion of Bond Counsel to the effect that (1) the District has the right and power under the Act to adopt the Supplemental Indenture relating to such Parity Bonds, and the Indenture and all such Supplemental Indentures have been duly and lawfully adopted by the District, are in full force and effect and are valid and binding upon the District and enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights); (2) the Indenture creates the valid pledge which it purports to create of the Net Special Tax Revenues and other amounts as provided in the Indenture, subject to the application thereof to the purposes and on the conditions permitted by the Indenture; and (3) such Parity Bonds are valid and binding limited obligations of the District, enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights) and the terms of the Indenture and all Supplemental Indentures thereto and entitled to the benefits of the Indenture and all such Supplemental Indentures, and such Parity Bonds have been duly and validly authorized and issued in accordance with the Act (or other applicable laws) and the Indenture and all such Supplemental Indentures;

D. A further opinion of Bond Counsel to the effect that, assuming compliance by the District with certain tax covenants, the issuance of the Parity Bonds will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds and any Parity Bonds theretofore issued on a tax-exempt basis, or the exemption from State of California personal income taxation of interest on any Outstanding Bonds, the Bonds and Parity Bonds theretofore issued;

E. A certificate of an Authorized Representative containing such statements as may be reasonably necessary to show compliance with the requirements of the Indenture;

F. A certificate of an Authorized Representative certifying that:

(1) The District has received a certificate from one or more Special Tax Consultants which, when taken together, certify that (a) the amount of the maximum Special Taxes that may be levied pursuant to the Special Tax RMA in each remaining Bond Year based only on the Developed Property (as such term is defined in the Special Tax RMA) existing as of the date of such certificate is at least 1.10 times Annual Debt Service for each remaining Bond Year on all Outstanding Bonds theretofore issued and the Parity Bonds proposed to be issued; provided, however, there shall be excluded from such calculation the Special Taxes on any parcel then delinquent in the payment of Special Taxes; and provided further that, for purposes of making such certifications, the Special Tax Consultant may rely on reports or certificates of such other persons as may be acceptable to the District, Bond Counsel, and the underwriter of the proposed Parity Bonds; and

(2) Except in the case of the issuance of Parity Bonds to refund Outstanding Bonds or Parity Bonds, the District has received an Appraisal indicating that the aggregate appraised value of all Developed Property within the District is not less than three (3) times the aggregate amount of Land Secured Debt allocable to such Developed Property; and

G. Such further documents, money and securities as are required by the provisions of the Indenture and the Supplemental Indenture providing for the issuance of such Parity Bonds.

Amendments or Supplements

The Legislative Body may, by adoption of a resolution from time to time, and at any time but without notice to or consent of any of the Bondholders, approve a Supplemental Indenture for any of the following purposes:

1. to cure any ambiguity, to correct or supplement any provision in the Indenture which may be inconsistent with any other provision in the Indenture, or to make any other provision with respect to matters or questions arising under the Indenture or in any Supplemental Indenture, provided that such action shall not adversely affect the interests of the Bondowners;

2. to add to the covenants and agreements of and the limitations and the restrictions upon the District contained in the Indenture, other covenants, agreements, limitations and restrictions to be observed by the District which are not contrary to or inconsistent with the Indenture as theretofore in effect;

3. to modify, alter, amend or supplement the Indenture in any other respect which is not materially adverse to the interests of the Bondowners;

4. to amend any provision of the Indenture relating to the Code as may be necessary or appropriate to assure compliance with the Code and the exclusion from gross income of interest on the Bonds; or

5. to provide for the issuance of Parity Bonds pursuant to the terms of the Indenture.

Exclusive of the Supplemental Indentures provided for in the paragraph above, the Owners of not less than 60% in aggregate principal amount of the Bonds then Outstanding shall have the right to consent to and approve the adoption by the District of such Supplemental Indentures as shall be deemed necessary or desirable by the District for the purpose of waiving, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture; provided, however, that nothing in the Indenture shall permit, or be construed as permitting, (a) an extension of the maturity date of the principal of, or the payment date of interest on, any Bond, or (b) a reduction in the principal amount of, or redemption premium on, any Bond or the rate of interest thereon without the consent of the affected Bondowner(s), or permit, or be construed as permitting, (x) a preference or priority of any Bond or Bonds over any other Bond or Bonds, (y) a reduction in the aggregate principal amount of the Bonds the Owners of which are required to consent to such Supplemental Indenture, or (z) creating of a pledge of or lien or charge upon the Special Tax Revenues superior to the pledge provided for in the Indenture, without the consent of the Owners of all Bonds then Outstanding.

If at any time the District shall desire to approve a Supplemental Indenture which shall require the consent of the Bondowners, the District shall so notify the Fiscal Agent and shall deliver to the Fiscal Agent a copy of the proposed Supplemental Indenture. The District shall, at the expense of the District, cause notice of the proposed Supplemental Indenture to be mailed, postage prepaid, to all Bondowners at their addresses as they appear in the bond register. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that a copy thereof is on file at the principal office of the District for inspection by all Bondowners. The failure of any Bondowner to receive such notice shall not affect the validity of such Supplemental Indenture when consented to and approved as provided for in the Indenture. Whenever at any time within one year after the date of the first mailing of such notice, the District shall receive an instrument or instruments purporting to be executed by the Owners of not less than 60% in aggregate principal amount of the Bonds then Outstanding, which instrument or instruments shall refer to the proposed Supplemental Indenture described in such notice, and shall specifically consent to the approval thereof by the Legislative Body substantially in the form of the copy thereof referred to in such Notice as on file with the District, such proposed Supplemental Indenture, when duly approved by the Legislative Body, shall thereafter become a part of the proceedings for the issuance of the Bonds. In determining whether the Owners of 60% of the aggregate principal amount of the Bonds have consented to the approval of any Supplemental Indenture, Bonds which are owned by the District or by any person directly or indirectly controlling or controlled by or under the direct or indirect common control with the District, shall be disregarded and shall be treated as though they were not outstanding for the purpose of any such determination.

Upon the approval of any Supplemental Indenture and the receipt of consent to any such Supplemental Indenture from the Owners of the appropriate aggregate principal amount of Bonds in instances where such consent is required, the Indenture shall be, and shall be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the District and all Owners of Bonds then Outstanding shall thereafter be determined, exercised and enforced under the Indenture, subject in all respects to such modifications and amendments. Notwithstanding anything in the Indenture to the contrary, no Supplemental Indenture shall be entered into which would modify the duties of the Fiscal Agent under the Indenture, without the prior written consent of the Fiscal Agent.

After the effective date of any action taken as hereinabove provided, the District may determine that the Bonds may bear a notation, by endorsement in form approved by the District, as to such action, and in that case upon demand of the Owner of any Outstanding Bond at such effective date and presentation of his Bond for the purpose at the office of the Fiscal Agent or at such additional offices as the Fiscal Agent may select and designate for that purpose, a suitable notation as to such action shall be made on such Bonds. If the District shall so determine, new Bonds so modified as, in the opinion of the

District, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Owner of any Outstanding Bond at such effective date such new Bonds shall be exchanged at the corporate trust office of the Fiscal Agent or at such additional offices as the Fiscal Agent may select and designate for that purpose, without cost to each Owner of Outstanding Bonds, upon surrender of such Outstanding Bonds.

Ownership of Bonds

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute Owner thereof for all purposes, and payment of or on account of the principal and redemption premium, if any, of any such Bond, and the interest on any such Bond, shall be made only to or upon the order of the registered Owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond, including the redemption premium, if any, and interest thereon, to the extent of the sum or sums so paid.

Mutilated, Lost, Destroyed or Stolen Bonds

If any Bond shall become mutilated, the Fiscal Agent shall authenticate and deliver a new Bond of like tenor, date and maturity in exchange and substitution for the Bond so mutilated, but only upon surrender to the Fiscal Agent of the Bond so mutilated. Every mutilated Bond so surrendered to the Fiscal Agent shall be canceled. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Fiscal Agent and, if such evidence is satisfactory to the Fiscal Agent and, if an indemnity satisfactory to the Fiscal Agent shall be given, the Fiscal Agent shall authenticate and deliver a new Bond of like tenor and maturity, numbered and dated as the Fiscal Agent shall determine in lieu of and in substitution for the Bond so lost, destroyed or stolen. Any Bond issued in lieu of any Bond alleged to have been lost, destroyed or stolen shall be equally and proportionately entitled to the benefits of the Indenture with all other Bonds secured by the Indenture. The Fiscal Agent shall not treat both the original Bond and any replacement Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be executed, authenticated and delivered under the Indenture or for the purpose of determining any percentage of Bonds Outstanding under the Indenture, but both the original and replacement Bond shall be treated as one and the same.

Covenants

General As long as the Bonds are Outstanding and unpaid, the School District, acting on behalf of the District, shall (through its proper members, officers, agents or employees) faithfully perform and abide by all of the covenants and agreements set forth in the Indenture; provided, however, that said covenants do not require the District to expend any funds other than the Special Tax Revenues.

Covenant to Foreclose On or before June 1 of each Fiscal Year, the District will review the public records of the County of San Diego, California, in connection with the Special Tax levied in such Fiscal Year to determine the amount of such Special Tax actually collected in such Fiscal Year. If the District determines that (a) any single parcel subject to such Special Tax is delinquent in the payment of such Special Taxes in the aggregate of $5,000 or more or (b) any single parcel or parcels under common ownership subject to such Special Tax are delinquent in the payment of such Special Taxes in the aggregate of $10,000 or more, the District shall, not later than forty-five (45) days of such determination, send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner. The District shall cause judicial foreclosure proceedings to be commenced and filed in the Superior Court not later than ninety (90) days of such determination against any parcel for which a notice of delinquency was given pursuant to the Indenture and for which such Special Taxes remain delinquent. With respect to aggregate delinquencies throughout the District, if the District determines that it has collected less than 95% of such Special Taxes levied in the such Fiscal Year, then the District shall, not later than forty-five (45) days of such determination, send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the owner of each delinquent parcel (regardless of the amount of such delinquency). The District will cause judicial foreclosure proceedings to be commenced and filed in the Superior Court not later than ninety (90) days of such determination against any parcel for which a notice of delinquency was given pursuant to the Indenture and for which such Special Taxes remain delinquent.

Protection of Security The District shall preserve and protect the security of the Bonds and the rights of the Bondowners and defend their rights against all claims and demands of all persons. Until such time as an amount has been set aside sufficient to pay Outstanding Bonds at maturity or to the date of redemption if redeemed prior to maturity, plus unpaid interest thereon and premium, if any, to maturity or to the date of redemption if redeemed prior to maturity, the District will faithfully perform and abide by all of the covenants, undertakings and provisions contained in the Indenture or in any Bond issued under the Indenture.

Limitation on Senior or Parity Liens Except for the issuance of Parity Bonds pursuant to and as provided for in the Indenture, the District will not issue any other obligations payable, principal or interest, from the Special Taxes which have, or purport to have, any lien upon such Special Taxes superior to or on a parity with the lien of the Bonds. Nothing in the Indenture shall prevent the District from issuing and selling, pursuant to law, refunding bonds or other refunding obligations payable from and having a first lien upon such Special Taxes on a parity with the Outstanding Bonds so long as the issuance of such refunding bonds or other refunding obligations results in a reduction in the Annual Debt Service on the Bonds and such refunding bonds or other refunding obligations taken together.

Punctual Payment The District will duly and punctually pay or cause to be paid the principal of and interest on each of the Bonds issued hereunder on the date, at the place and in the manner provided in said Bonds, but only out of Special Tax Revenues and such other funds as may be herein provided.

Levy of Special Taxes The District shall comply with all requirements of the Act so as to assure the timely collection of the Special Taxes, as applicable. Prior to July 1 of each year, the District shall ascertain the parcels on which such Special Taxes are to be levied in the following Fiscal Year, taking into account any subdivisions of parcels during the current Fiscal Year. The District shall effect the levy of such Special Tax in accordance with the Special Tax RMA, as applicable, and the Act each Fiscal Year so that the computation of such levy is complete and transmitted to the Auditor of the County of San Diego before the final date on which the Auditor of the County of San Diego will accept the transmission of the Special Tax for the parcels within the District for inclusion on the next real property tax roll. Upon completion of the computation of the amount of such Special Tax levy, the District shall prepare or cause to be prepared, and shall transmit or cause to be transmitted to tax bills to such property owners not later than the date on which the Auditor/Tax Collector of the County of San Diego annually mails the property tax bills.

To the maximum extent that the law permits it to do so, the District covenants, that it shall not initiate proceedings to reduce the Maximum Special Tax (as defined in the Special Tax RMA, as applicable), unless, in connection therewith, (i) the District receives a certificate from one or more Special Tax Consultants which, when taken together, certify that, on the basis of the parcels of land and improvements existing in the District as of the July 1 preceding the reduction, such Maximum Special Tax which may be levied on all Assessor's Parcels (as such term is defined in the Special Tax RMA, as applicable) of Developed Property in each Fiscal Year will equal at least 110% of the gross debt service on all Bonds to remain Outstanding after the reduction is approved and will not reduce the Maximum Special Tax payable from Assessor's Parcels of Developed Property is located to less than 110% of Maximum Annual Debt Service, and (ii) the Board of Education, acting as the legislative body of the District, finds pursuant to the Indenture that any reduction made under such conditions will not adversely affect the interests of the Owners of the Bonds. Any reduction in the Maximum Special Tax approved pursuant to the preceding sentence may be approved without the consent of the Owners of the Bonds.

The District covenants that, in the event that any initiative is adopted by the qualified electors of the District which purports to reduce the Maximum Special Tax below the levels authorized pursuant to the Special Tax RMA or to limit the power or authority of the District to levy Special Taxes, pursuant to the Special Tax RMA, the District shall, from funds available under the Indenture, commence and pursue legal action in order to preserve the authority and power of the District to levy such Special Taxes pursuant to such Special Tax RMA.

Proper Books and Records The District will at all times keep, or cause to be kept, proper and current books and accounts (separate from all other records and accounts) in which complete and accurate entries shall be made of all transactions relating to the Special Tax Revenues and other funds provided for by the Indenture.

Tax Covenants The District will not directly or indirectly use or permit the use of any proceeds of the Bonds or any other funds of the District or take or omit to take any action that would cause the Bonds to be "private activity bonds" within the meaning of Section 141 of the Code, or obligations which are "federally guaranteed" within the meaning of Section 149(b) of the Code. The District will not allow five percent (5%) or more of the proceeds of the Bonds to be used in the trade or business of any non-governmental units and will not loan five percent (5%) or more of the proceeds of the Bonds to any non-governmental units.

The District covenants that it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest on the Bonds under Section 103 of the Code. The District will not directly or indirectly use or permit the use of any proceeds of the Bonds or any other funds of the District, or take or omit to take any action, that would cause the Bonds to be "arbitrage bonds" within the meaning of the Code. To that end, the District will comply with all requirements of the Code to the extent applicable to the Bonds. In the event that at any time the District is of the opinion that for purposes of this covenant it is necessary to restrict or limit the yield on the investment of any moneys held under the Indenture or otherwise the District shall so instruct the Fiscal Agent in writing, and the Fiscal Agent shall take such action as may be necessary in accordance with such instructions.

Without limiting the generality of the foregoing, the District agrees that there shall be paid from time to time all amounts required to be rebated to the United States of America pursuant to the Code and any temporary, proposed or final Treasury Regulations as may be applicable to the Bonds from time to time. This covenant shall survive payment in full or defeasance of the Bonds.

Notwithstanding any provision of this covenant, if the District shall obtain an opinion of Bond Counsel to the effect that any action required under this covenant is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of the interest on the Bonds pursuant to the Code, the Fiscal Agent may rely conclusively on such opinion in complying with the provisions of the Indenture, and the covenant under the Indenture shall be deemed to be modified to that extent.

Extension of Maturity of the Bonds The District shall not directly or indirectly extend the maturity dates of the Bonds or the time of payment of interest with respect thereto.

Adoption of Policy Regarding Tender of Bonds The District covenants that it will not adopt any policy pursuant to the Act permitting tender of Bonds in full payment or partial payment of any Special Taxes, as applicable, unless it first receives a certificate of a Special Tax Consultant that accepting such tender will not result in the District having insufficient Special Tax Revenues to pay the principal of and interest on the Bonds when due.

Defeasance

If the District shall pay or cause to be paid, or there shall otherwise be paid, to the Owner of an Outstanding Bond the interest due thereon and the principal thereof, at the times and in the manner stipulated in the Indenture, then the Owner of such Bond shall cease to be entitled to the pledge of the Special Tax Revenues, as applicable, and, other than as set forth below, all covenants, agreements and other obligations of the District to the Owner of such Bond under the Indenture shall thereupon cease, terminate and become void and discharged and satisfied. In the event of the defeasance of all Outstanding Bonds, the Fiscal Agent shall pay over or deliver to the District all money or securities held by it pursuant to the Indenture which are not required for the payment of the principal of, premium, if any, and interest due on such Bonds.

Any Outstanding Bond shall be deemed to have been paid within the meaning expressed in the preceding paragraph if such Bond is paid in any one or more of the following ways:

(a) by paying or causing to be paid the principal of, premium, if any, and interest on such Bond, as and when the same shall become due and payable;

(b) by depositing with the Fiscal Agent, in trust, at or before maturity, money which, together with the amounts then on deposit in the funds established pursuant to the Indenture (exclusive of the Rebate Fund) and available for such purpose, is fully sufficient to pay the principal of, premium, if any, and interest on such Bond, as and when the same shall become due and payable; or

(c) by depositing with an escrow bank appointed by the District, in trust, noncallable Permitted Investments of the type described in subparagraph 1 of the definition thereof, in such amount as an Independent Accountant shall determine (as set forth in a verification report from such Independent Accountant) will be sufficient, together with the interest to accrue thereon and moneys then on deposit in the funds established under the Indenture (exclusive of the Rebate Fund) and available for such purpose, together with the interest to accrue thereon, to pay and discharge the principal of, premium, if any, and interest on such Bond, as and when the same shall become due and payable;

then, at the election of the District, and notwithstanding that any Outstanding Bonds shall not have been surrendered for payment, all obligations of the District under the Indenture with respect to such Bond shall cease and terminate, except for the obligation of the Fiscal Agent to pay or cause to be paid to the Owners of any such Bond not so surrendered and paid, all sums due thereon and except for the covenants of the District to preserve the exclusion of the interest on the Bonds from gross income for federal income tax purposes. Notice of such election shall be filed with the Fiscal Agent not less than ten (10) days prior to the proposed defeasance date, or such shorter period of time as may be acceptable to the Fiscal Agent. In connection with a defeasance under (b) or (c) above, there shall be provided to the Fiscal Agent a certificate of Independent Accountant stating its opinion as to the sufficiency of the moneys or securities deposited with the Fiscal Agent or the escrow bank, together with the interest to accrue thereon and moneys then on deposit in the funds established under the Indenture (exclusive of the Rebate Fund) and available for such purpose, together with the interest to accrue thereon to pay and discharge the principal of, premium, if any, and interest on all such Bonds to be defeased in accordance with the Indenture as and when the same shall become due and payable, and an opinion of Bond Counsel (which may rely upon the opinion of the certified public accountant) to the effect that the Bonds being defeased have been legally defeased in accordance with the Indenture.

To accomplish such defeasance, the District shall cause to be delivered (i) a report of the Independent Accountant verifying the determination made pursuant to the preceding paragraph (the "Verification Report") and (ii) an opinion of Bond Counsel to the effect that the Bonds are no longer

Outstanding. The Verification Report and opinion of Bond Counsel shall be acceptable in form and substance, and addressed to the District and the Fiscal Agent.

Provisions Constitute a Contract

The provisions of the Indenture shall constitute a contract between the District and the Bondowners and the provisions of the Indenture shall be enforceable by any Bondowner for the equal benefit and protection of all Bondowners similarly situated by mandamus, accounting, mandatory injunction or any other suit, action or proceeding at law or in equity that is now or may hereafter be authorized under the laws of the State in any court of competent jurisdiction. Said contract is made under and is to be construed in accordance with the laws of the State.

No remedy conferred by the Indenture upon any Bondowner is intended to be exclusive of any other remedy, but each such remedy is cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law of the State. No waiver of any default or breach of duty or contract by any Bondowner shall affect any subsequent default or breach of duty or contract or shall impair any rights or remedies on said subsequent default or breach. No delay or omission of any Bondowner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed as a waiver of any such default or acquiescence therein. Every substantive right and every remedy conferred upon the Bondowners may be enforced and exercised as often as may be deemed expedient. In case any suit, action or proceeding to enforce any right or exercise any remedy shall be brought or taken and the Bondowner shall prevail, said Bondowner shall be entitled to receive from the Special Tax Fund reimbursement for reasonable costs, expenses, outlays and attorney's fees, and should said suit, action or proceeding be abandoned or be determined adversely to the Bondowners then, and in every such case, the District and the Bondowners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

Events of Default

Events of Default The following events shall be Events of Default under the Indenture:

1. default in the due and punctual payment of the principal of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise;

2. default in the due and punctual payment of interest on any Bond when and as such interest shall become due and payable;

3. default by the District in the observance of any of the other covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, if such default shall have continued for a period of thirty (30) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the District by the Fiscal Agent or to the District and the Fiscal Agent by the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds at the time Outstanding; provided that such default (other than a default arising from nonpayment of the Fiscal Agent's fees and expenses, which must be cured within such 30-day period unless waived by the Fiscal Agent) shall not constitute an Event of Default under the Indenture if the District shall commence to cure such default within said thirty (30) day period and thereafter diligently and in good faith shall cure such default within a reasonable period of time; or

4. the filing by the District of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or

without the consent of the District, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the District or of the whole or any substantial part of its property.

Application of Revenues and Other Funds After Default Except as to moneys on deposit in the Improvement Fund, if a default in the payment of the Bonds shall occur and be continuing, all revenues and any other funds then held or thereafter received under any of the provisions of the Indenture shall be applied as follows and in the following order:

A. To the payment of any expenses necessary in the opinion of the District to protect the interest of the owners of the Bonds and payment of reasonable charges and expenses of the Fiscal Agent (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under the Indenture;

B. To the payment of the principal of and interest then due with respect to the Bonds (upon presentation of the Bonds to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of the Indenture, as follows:

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal of any Bonds which shall have become due, whether at maturity or by call for redemption, with interest on the overdue principal at the rate borne by the respective Bonds on the date of maturity of redemption, and if the amount available shall not be sufficient to pay in full all the Bonds, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without discrimination or preference.

Remedies of the Owners Following the occurrence of an event of default, any Owner shall have the right for the equal benefit and protection of all Owners similarly situated:

1. By mandamus or other suit or proceeding at law or in equity to enforce his rights against the District and any of the members, officers and employees of the District, and to compel the District or any such members, officers or employees to perform and carry out their duties under the Act and their agreements with the Owners as provided in the Indenture;

2. By suit in equity to enjoin any actions or things which are unlawful or violate the rights of the Owners; or

3. By a suit in equity to require the District and its members, officers and employees to account as the trustee of an express trust.

Nothing in the Indenture or the Bonds shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the interest on and principal of the Bonds to the respective Owners thereof at the respective dates of maturity, as provided in the Indenture, out of the applicable Net Special Tax Revenue pledged for such payment, or affect or impair the right of action, which is also absolute and unconditional, of such Owners to institute suit to enforce such payment by virtue of the contract embodied in the Bonds and in the Indenture. The principal of the Bonds shall not be subject to acceleration.

A waiver of any default or breach of duty or contract by any Owner shall not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach. No delay or omission by any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Owners by the Act or by the Indenture may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners.

If any suit, action or proceeding to enforce any right or exercise any remedy is abandoned or determined adversely to the Owners, the District and the Owners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

No remedy conferred upon or reserved to the Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given under the Indenture or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

APPENDIX F

FORM OF COMMUNITY FACILITIES DISTRICT
CONTINUING DISCLOSURE AGREEMENT

This CONTINUING DISCLOSURE AGREEMENT (the "Disclosure Agreement") is executed and entered into as of June 1, 2012, by and among the Poway Unified School District, on behalf of the Poway Unified School District Community Facilities District No. 6 (4S Ranch) (the "Community Facilities District"), Zions First National Bank, a national banking association organized and existing under and by virtue of the laws of the United States of America (the "Bank") in its capacity as Fiscal Agent (the "Fiscal Agent"), and Dolinka Group, LLC, a California limited liability company, in its capacity as Dissemination Agent (the "Dissemination Agent") under this Disclosure Agreement in connection with the issuance of the Poway Unified School District Community Facilities District No. 6 (4S Ranch) Special Tax Bonds, Series 2012 (the "2012 Bonds");

W I T N E S S E T H :

WHEREAS, pursuant to the Bond Indenture, dated as of August 1, 2002 (the "Original Indenture"), as amended and supplemented by the First Supplemental Indenture (the "First Supplemental Indenture"), dated as of November 1, 2005, as amended and supplemented by the Second Supplemental Indenture (the "Second Supplemental Indenture"), dated as of June 1, 2007, as amended and supplemented by the Third Supplemental Indenture, dated as of November 1, 2010 (the "Third Supplemental Indenture"), and as amended and supplemented by the Fourth Supplemental Indenture, dated as of June 1, 2012 (the "Fourth Supplemental Indenture" and together with the Original Indenture, the First Supplemental Indenture, the Second Supplemental Indenture and the Third Supplemental Indenture, the "Indenture"), each by and between the Community Facilities District and the Fiscal Agent, the Community Facilities District has issued the 2012 Bonds in the aggregate principal amount of $38,940,000; and

WHEREAS, the 2012 Bonds are payable from and secured by special taxes levied on certain of the taxable property within the Community Facilities District;

NOW, THEREFORE, for and in consideration of the mutual premises and covenants herein contained, the parties hereto agree as follows:

Section 1. Purpose of this Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Community Facilities District for the benefit of the owners and beneficial owners of the 2012 Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5) (as defined below).

Section 2. Definitions. In addition to the definitions set forth in the Indenture which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Community Facilities District pursuant to, and described in, Sections 3 and 4 of this Disclosure Agreement.

"Annual Report Date" shall mean January 31 next following the end of the Community Facility District's fiscal year, which fiscal year end, as of the date of this Disclosure Agreement, is June 30.

"Community Facilities District" means the Poway Unified School District Community Facilities District No. 6 (4S Ranch).

"Disclosure Representative" shall mean the Superintendent of the School District, acting on behalf of the Community Facilities District or his or her designee, or such other officer or employee as the Community Facilities District shall designate in writing to the Dissemination Agent from time to time.

"Dissemination Agent" shall mean Dolinka Group, LLC, or any successor Dissemination Agent designated in writing by the Community Facilities District and which has filed with the Community Facilities District a written acceptance of such designation.

"EMMA System" shall mean the Electronic Municipal Market Access System of the MSRB or such other electronic system designated by the MSRB (as defined below) or the Securities and Exchange Commission (the "S.E.C.") for compliance with S.E.C. Rule 15c2-12(b).

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board and any successor entity designated under the Rule as the repository for filings made pursuant to the Rule.

"Participating Underwriter" shall mean Stifel, Nicolaus & Company, Incorporated, dba Stone & Youngberg, a Division of Stifel Nicolaus, Los Angeles, California.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"School District" shall mean Poway Unified School District, Poway, California.

Section 3. Provision of Annual Reports.

(a) The Community Facilities District shall, or, shall cause the Dissemination Agent to, not later than the Annual Report Date commencing January 31, 2013, provide to the MSRB through the EMMA System in an electronic format and accompanied by identifying information as prescribed by the MSRB and to the Fiscal Agent an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than fifteen (15) Business Days prior to the Annual Report Date, the Community Facilities District shall provide the Annual Report to the Dissemination Agent and the Fiscal Agent. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; *provided* that the audited financial statements of the School District may be submitted separately from the balance of the Annual Report provided by the Community Facilities District and later than the Annual Report Date if not available by that date. If the School District's or the Community Facilities District's fiscal year changes, the Community Facilities District shall give notice of such change in the same manner as for a Listed Event under Section 5(c). If the Dissemination Agent has not received a copy of the Annual Report on or before 15 business days prior to the Annual Report Date in any year, the Dissemination Agent shall notify the Community Facilities District of such failure to receive the applicable Annual Report. The Community Facilities District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the Community Facilities District and shall have no duty or obligation to review such Annual Report.

(b) If the Community Facilities District is unable to provide to the MSRB through the EMMA System and to the Fiscal Agent an Annual Report by the Annual Report Date, the Dissemination Agent shall send a notice to the MSRB through the EMMA System, if any, in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the electronic filing requirements of the MSRB for the Annual Reports;

(ii) provide any Annual Report received by it to the MSRB through the EMMA System and to the Fiscal Agent as provided herein; and

(iii) if the Dissemination Agent is other than the Community Facilities District and to the extent it can confirm such filing of an Annual Report, file a report with the Community Facilities District, the Fiscal Agent and the Participating Underwriter certifying that an Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and confirming that it has been filed with the MSRB through the EMMA System.

Section 4. Content of Annual Reports. An Annual Report shall contain or incorporate by reference the following:

(a) Audited Financial Statements of the School District prepared in accordance with generally accepted accounting principles as promulgated to apply to government entities from time to time by the Governmental Accounting Standards Board. If audited financial statements are not available, at the time required for filing, unaudited financial statements shall be submitted with the Annual Report, and audited financial statements shall be submitted once available.

(b) The following information regarding the 2012 Bonds and any parity bonds or refunding bonds:

(i) Principal amount of 2012 Bonds and any parity bonds or refunding bonds outstanding as of a date within 45 days preceding the date of the Annual Report;

(ii) Balance in the 2012 Bond Service Fund as of a date within 45 days preceding the date of the Annual Report;

(iii) Balance in the Reserve Fund and statement of Reserve Requirement as of a date within 30 days preceding the date of the Annual Report;

(iv) While there are funds in the Improvement Fund and each account or subaccount thereof, the balance in the Improvement Fund as of a date within 30 days preceding the date of the Annual Report, and of any other fund or account not referenced in clauses (i), (ii), (iii) or (iv) hereof;

(v) An update of Table 6 in the Official Statement, summarizing the assessed value-to-lien ratios for the property in the Community Facilities District by neighborhood and a table summarizing assessed value-to-lien ratios for the property in the Community Facilities District by the Rate and Method of Apportionment of Special Taxes land use categories. The assessed values in such table will be determined by reference to the value of the parcels within the Community Facilities District on which the Special Taxes are levied, as shown on the assessment roll of the San Diego County Assessor last equalized prior to the September 2 next preceding the Annual Report Date. The lien values in such table will include all 2012 Bonds and any parity bonds or refunding bonds of the Community Facilities District and all other debt secured by a tax or assessments levied on parcels within the Community Facilities District and an update of Table 2 showing amounts for the current fiscal year's Special Tax levy and estimated debt service on the 2012 Bonds and any parity bonds or refunding bonds of the Community Facilities District for the related bond year;

(vi) Information regarding the annual special taxes levied in the Community Facilities District, whether in the case of Developed Property, the amounts are the maximum available levy under the Rate and Method of Apportionment of Special Taxes, amount collected, delinquent amounts and percent delinquent for the most recent fiscal year;

(vii) Status of foreclosure proceedings of parcels within the Community Facilities District and summary of results of foreclosure sales, if available;

(viii) A land ownership summary listing property owners, if any, responsible for more than 5% of the Special Tax levy as shown on the assessment roll of the San Diego County Assessor last equalized prior to the September 30 next preceding the Annual Report Date, a summary of the Special Taxes levied on the property within the Community Facilities District owned by such property owners, and the assessed value of such property, as shown on such assessment roll;

(ix) Concerning delinquent parcels as of the immediately preceding August 15:

- number of parcels in the Community Facilities District delinquent in payment of Special Tax,
- total of such delinquency and percentage of delinquency in relation to total Special Tax levy,
- status of the actions taken by the School District and/or the Community Facilities District related to any foreclosure proceedings upon delinquent properties within the Community Facilities District,
- identity of any delinquent taxpayer obligated for greater than 5% of the annual Special Tax levy as of the immediately preceding August 15, plus assessed value of applicable properties, and
- summary of results of foreclosure sales, if available;

(x) A copy of any report for or concerning the Community Facilities District as of the immediately preceding October 31 required under State law;

(xi) Any changes to the Rate and Method of Apportionment of Special Tax for the Community Facilities District approved or submitted to the qualified electors of the Community Facilities District for approval prior to the filing of the Annual Report; and

(xii) With respect to any improvement area (each an "Improvement Area") created within the Community Facilities District, the following information:

- The amount of bonds authorized for the Improvement Area,
- The amount of bonds issued for the Improvement Area,
- The date of issuance of such bonds, and
- A description of the use of the proceeds of bonds issued with respect to such Improvement Area.

(c) In addition to any of the information expressly required to be provided under paragraphs (a) and (b) of this Section, the Community Facilities District shall provide such further information, if any, as may be necessary to make the statements required under Section 4(c), in the light of the circumstances under which they are made, not misleading for purposes of applicable federal securities laws.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Community Facilities District or related public entities, which have been submitted to the MSRB through the EMMA System or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Community Facilities District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Listed Events.

(a) Pursuant to the provisions of this Section 5, the Community Facilities District shall give, or cause to be given, in a timely manner, not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the 2012 Bonds:

(i) Principal and interest payment delinquencies;

(ii) Non-payment related defaults, if material;

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;

(v) Substitution of credit or liquidity providers, or their failure to perform;

(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security or other material events affecting the tax status of the security;

(vii) Modifications to rights of security holders, if material;

(viii) Bond calls, if material, and tender offers;

(ix) Defeasances;

(x) Release, substitution, or sale of property securing repayment of the securities, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of the obligated person;[(1)]

(1) For the purposes of the event identified in subparagraph (xii), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or

(xiii) The consummation of a merger, consolidation or acquisition involving an obligated person or sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) The Dissemination Agent shall, within three business days of obtaining actual knowledge of the occurrence of any of the Listed Events, contact the Disclosure Representative, inform such person of the event, and request that the Community Facilities District promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (e). For purposes of this Disclosure Agreement, "actual knowledge" of the occurrence of the Listed Events described under clauses (ii), (iii), (vi), (x), (xi), (xii), (xiii) and (xiv) above shall mean actual knowledge by an officer at the principal office of the Dissemination Agent. The Dissemination Agent shall have no responsibility for determining the materiality of any of the Listed Events.

(c) As soon as practicable so as to satisfy the notice requirements of Section 5(a), the Community Facilities District shall notify the Dissemination Agent in writing of the occurrence of any of the Listed Events. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (e). The Community Facilities District shall provide the Dissemination Agent with a form of notice of such event in a format suitable for reporting to the MSRB through the EMMA System.

(d) If the Community Facilities District determines that a Listed Event subject to a materiality requirement referenced in clauses (a)(ii), (vii), (viii), (x), (xiii) or (xiv) would not be material under applicable federal securities law, the Community Facilities District shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (e).

(e) If the Dissemination Agent has been instructed by the Community Facilities District to report the occurrence of a Listed Event, and has received a notice of the occurrence in a format suitable for filing with the MSRB, the Dissemination Agent shall file a notice of such occurrence with the MSRB through the EMMA System, and shall provide a copy of such notice to the Participating Underwriter.

Section 6. Termination of Reporting Obligation. All of the Community Facilities District's obligations hereunder shall terminate upon the earliest to occur of (i) the legal defeasance of the 2012 Bonds, (ii) prior redemption of the 2012 Bonds or (iii) payment in full of all the 2012 Bonds. If such determination occurs prior to the final maturity of the 2012 Bonds, the Community Facilities District shall give notice of such termination in the same manner as for a Listed Event under Section 5(e).

Section 7. Dissemination Agent. The Community Facilities District may, from time to time, appoint or engage a Dissemination Agent to assist in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Dolinka Group, LLC. The Dissemination Agent may resign by providing thirty days' written notice to the Community Facilities District and the Fiscal Agent (if the Fiscal Agent is not the Dissemination Agent). The Dissemination Agent shall have no duty to prepare the Annual Report nor shall the Dissemination Agent be responsible for filing any

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governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

Annual Report not provided to it by the Community Facilities District in a timely manner and in a form suitable for filing.

Section 8. Amendment Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Community Facilities District, the Fiscal Agent and the Dissemination Agent may amend this Disclosure Agreement (and the Fiscal Agent and the Dissemination Agent shall agree to any amendment so requested by the Community Facilities District, so long as such amendment does not adversely affect the rights or obligations of the Fiscal Agent or the Dissemination Agent), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the 2012 Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the 2012 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by owners of the 2012 Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the owners or beneficial owners of the 2012 Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Community Facilities District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be sent to the MSRB through the EMMA System in the same manner as for a Listed Event under Section 5(e).

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Community Facilities District from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Community Facilities District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Community Facilities District shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Community Facilities District or the

Dissemination Agent to comply with any provision of this Disclosure Agreement, the Fiscal Agent may (and, at the written direction of the Participating Underwriter or the owners of at least 25% aggregate principal amount of Outstanding 2012 Bonds, shall, upon receipt of indemnification reasonably satisfactory to the Fiscal Agent) or any owner or beneficial owner of the 2012 Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Community Facilities District, the Fiscal Agent or the Dissemination Agent to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Community Facilities District, the Fiscal Agent or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Fiscal Agent and Dissemination Agent. Section 6.08 of the Indenture is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indenture, and the Fiscal Agent and the Dissemination Agent shall be entitled to the protections, limitations from liability and indemnities afforded to the Fiscal Agent thereunder. The Dissemination Agent and the Fiscal Agent shall have only such duties hereunder as are specifically set forth in this Disclosure Agreement. This Disclosure Agreement does not apply to any other securities issued or to be issued by the Community Facilities District. The Dissemination Agent shall have no obligation to make any disclosure concerning the 2012 Bonds, the Community Facilities District or any other matter except as expressly set out herein, provided that no provision of this Disclosure Agreement shall limit the duties or obligations of the Fiscal Agent under the Indenture. The Dissemination Agent shall have no responsibility for the preparation, review, form or content of any Annual Report or any notice of a Listed Event. The fact that the Fiscal Agent has or may have any banking, fiduciary or other relationship with the Community Facilities District or any other party, apart from the relationship created by the Indenture and this Disclosure Agreement, shall not be construed to mean that the Fiscal Agent has knowledge or notice of any event or condition relating to the 2012 Bonds or the Community Facilities District except in its respective capacities under such agreements. No provision of this Disclosure Agreement shall require or be construed to require the Dissemination Agent to interpret or provide an opinion concerning any information disclosed hereunder. Information disclosed hereunder by the Dissemination Agent may contain such disclaimer language concerning the Dissemination Agent's responsibilities hereunder with respect thereto as the Dissemination Agent may deem appropriate. The Dissemination Agent may conclusively rely on the determination of the Community Facilities District as to the materiality of any event for purposes of Section 5 hereof. Neither the Fiscal Agent nor the Dissemination Agent make any representation as to the sufficiency of this Disclosure Agreement for purposes of the Rule. The Dissemination Agent shall be paid compensation by the Community Facilities District for its services provided hereunder in accordance with its schedule of fees, as amended from time to time, and all expenses, legal fees and advances made or incurred by the Dissemination in the performance of its duties hereunder. The Community Facilities District's obligations under this Section shall survive the termination of this Disclosure Agreement.

Section 12. Beneficiaries. The Participating Underwriter and the owners and beneficial owners from time to time of the 2012 Bonds shall be third-party beneficiaries under this Disclosure Agreement. This Disclosure Agreement shall inure solely to the benefit of the Community Facilities District, the Fiscal Agent, the Dissemination Agent, the Participating Underwriter and owners and beneficial owners from time to time of the 2012 Bonds, and shall create no rights in any other person or entity.

Section 13. Notices. Any notice or communications to or among any of the parties to this Disclosure Agreement shall be given to all of the following and may be given as follows:

If to the Community Facilities District:	Poway Unified School District Community Facilities District No. 6 (4S Ranch) 15250 Avenue of Science San Diego, California 92128-3406 Telephone: (858) 679-2501 Telecopier: (858) 513-0967 Attention: Superintendent
If to the Dissemination Agent:	Dolinka Group, LLC 20 Pacifica, Suite 900 Irvine, California 92618 Telephone: (949) 250-8300 Telecopier: (949) 250-8301
If to the Fiscal Agent:	Zions First National Bank 550 South Hope Street, Suite 2650 Los Angeles, California 90071 Telephone: (213) 593-3150 Telecopier: (213) 593-3160
If to the Participating Underwriter:	Stifel, Nicolaus & Company, Incorporated, dba Stone & Youngberg, a Division of Stifel Nicolaus One Ferry Building San Francisco, California 94111 Telephone: (415) 445-2332 Telecopier: (415) 445-2395 Attention: Municipal Research Department

provided, *however*, that all such notices, requests or other communications may be made by telephone and promptly confirmed by writing. The parties may, by notice given as aforesaid, specify a different address for any such notices, requests or other communications.

Section 14. Future Determination of Obligated Persons. In the event the S.E.C. amends, clarifies or supplements the Rule in such a manner that requires any landowner within the Community Facilities District to be an obligated person as defined in the Rule, nothing contained herein shall be construed to require the Community Facilities District to meet the continuing disclosure requirements of the Rule with respect to such obligated person and nothing in this Disclosure Agreement shall be deemed to obligate the Community Facilities District to disclose information concerning any owner of land within the Community Facilities District except as required as part of the information required to be disclosed by the Community Facilities District pursuant to Section 4 and Section 5 hereof.

Section 15. Severability. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

Section 16. State of California Law Governs. The validity, interpretation and performance of this Disclosure Agreement shall be governed by the laws of the State of California.

Section 17. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 18. Merger. Any person succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the filing of any paper or any further act.

IN WITNESS WHEREOF, the parties hereto have executed this Disclosure Agreement as of the date first above written.

POWAY UNIFIED SCHOOL DISTRICT,
on behalf of the Poway Unified School District
Community Facilities District No. 6 (4S Ranch)

By: ____
Authorized Officer

ZIONS FIRST NATIONAL BANK,
as Fiscal Agent

By: ____
Authorized Officer

DOLINKA GROUP, LLC,
as Dissemination Agent

By: ____
Authorized Officer

[EXECUTION PAGE OF CONTINUING DISCLOSURE AGREEMENT]

EXHIBIT A

NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Poway Unified School District Community Facilities District No. 6 (4S Ranch)
Name of Bond Issue:	Poway Unified School District Community Facilities District No. 6 (4S Ranch) Special Tax Bonds, Series 2012
Date of Issuance:	June __, 2012

NOTICE IS HEREBY GIVEN that Poway Unified School District Community Facilities District No. 6 (4S Ranch) (the "Community Facilities District") has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated as of June 1, 2012, by and among the Community Facilities District, Zions First National Bank, as Fiscal Agent, and Dolinka Group, LLC, as Dissemination Agent. [The Community Facilities District anticipates that the Annual Report will be filed by ________________.]

Dated: ________, 20__

Dolinka Group, LLC, as Dissemination Agent, on behalf of the Community Facilities District

cc: Community Facilities District No. 6 (4S Ranch)
Stifel, Nicolaus & Company, Incorporated, dba
Stone & Youngberg, a Division of Stifel Nicolaus
Zions First National Bank

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APPENDIX G

FORM OF OPINION OF BOND COUNSEL

June __, 2012

Board of Education
Poway Unified School District
13626 Twin Peaks Road
Poway, CA 92064-3098

$38,940,000
POWAY UNIFIED SCHOOL DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 6
(4S RANCH)
SPECIAL TAX BONDS, SERIES 2012

BOND OPINION

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance and sale by Community Facilities District No. 6 (4S Ranch) (the “District”) of the Poway Unified School District (the “School District”) of the Poway Unified School District Community Facilities District No. 6 (4S Ranch) Special Tax Bonds, Series 2012 in the aggregate principal amount of $38,940,000 (the “Series 2012 Bonds”). The Series 2012 Bonds are issued pursuant to the Mello Roos Community Facilities Act of 1982, as amended (comprising Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California), Resolution No. 37-2012 adopted by the Board of Education of the School District, acting in its capacity as the Legislative Body of the District, on April 16, 2012, and the Bond Indenture, dated as of August 1, 2002 (the “Indenture”), and entered into by and between the District and State Street Bank & Trust Company of California, N.A., as amended and supplemented by the First Supplemental Indenture, dated as of November 1, 2005 (the “First Supplemental Indenture”), entered into by and between the District and Zions First National Bank, as fiscal agent (the “Fiscal Agent”), as successor to State Street Bank & Trust Company of California, N.A., as further amended and supplemented by the Second Supplemental Indenture, dated as of June 1, 2007 (the “Second Supplemental Indenture”), by and between the District and the Fiscal Agent, as further amended and supplemented by the Third Supplemental Indenture, dated as of October 1, 2010 (the “Third Supplemental Indenture”), entered into by and between the District and the Fiscal Agent and as further amended and supplemented by the Fourth Supplemental Indenture, dated as of May 1, 2012 (the “Fourth Supplemental Indenture”), entered into by and between the District and the Fiscal Agent. Capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Indenture the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture or the Fourth Supplemental Indenture.

As Bond Counsel, we have examined copies certified to us as being true and complete copies of the proceedings in connection with the formation of the District and the issuance of the Series 2012 Bonds (the “District Proceedings”). We have also examined certificates and representations of fact made by public officials and officers of the School District on behalf of itself and the District and others as we have deemed necessary to render this opinion.

Attention is called to the fact that we have not been requested to examine and have not examined any documents or information relating to the District or the School District other than the record of the District Proceedings hereinabove referred to, and no opinion is expressed as to any financial or other information, or the adequacy thereof which has been or may be supplied to any purchaser of the Series 2012 Bonds. In rendering this opinion, we have relied upon the representations of fact and certifications referred to above, and we have not undertaken by independent investigation to verify the accuracy of the factual matters represented, warranted or certified therein.

The Indenture, the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture and other related documents refer to certain requirements and procedures which may be changed and certain actions which may be taken, in circumstances and subject to terms and conditions set forth in such documents, upon the advice or with an approving opinion of nationally recognized bond counsel. No opinion is expressed herein as to any Series 2012 Bond or the interest thereon if any such change is made or action is taken upon the advice or approval of counsel other than ourselves.

No opinion is expressed herein as to the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Series 2012 Bonds.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions. The opinions may be affected by actions or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events occur. As to questions of fact material to our opinion, we have relied upon the representations of fact and certifications referred to above, and we have not undertaken by independent investigation to verify the authenticity of signatures or the accuracy of the factual matters represented, warranted or certified therein. Furthermore, we have assumed compliance with all covenants contained in the Indenture, the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture and the Fourth Supplemental Indenture, including, without limitation, covenants compliance with which is necessary to assure that future actions or events will not cause the interest on the Series 2012 Bonds to be included in gross income for federal income tax purposes. Failure to comply with certain of such covenants may cause interest on the Series 2012 Bonds to be included in gross income for federal income tax purposes retroactive to the date of original issuance of the Series 2012 Bonds.

It is to be understood that the rights and obligations under the Series 2012 Bonds, the Indenture, the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture and the Fourth Supplemental Indenture are subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws heretofore or hereafter enacted, affecting the enforcement of creditors' rights and remedies, to the application of equitable principles when equitable remedies are sought, and to the exercise of judicial discretion in appropriate cases.

Based on and subject to the foregoing, and in reliance thereon, and our consideration of such questions of law as we have deemed relevant to the circumstances, we are of the following opinions:

1. The District has, and the District Proceedings show, full power and authority to issue the Series 2012 Bonds. The Series 2012 Bonds constitute legal, valid and binding obligations of the District, payable in accordance with their terms. The District has the full right, power and authority to levy and pledge the Net Special Tax Revenues to the owners of the Series 2012 Bonds on a parity with the Series 2002 Bonds, the Series 2005 Bonds, the Series 2007 Bonds and the Series 2012 Bonds. The Series 2012 Bonds are limited obligations of the District payable solely from and secured on a parity with the Series

2002 Bonds, the Series 2005 Bonds, the Series 2007 Bonds and the Series 2010 Bonds by a pledge of the Net Special Tax Revenues, and from certain other funds and accounts pursuant to the Indenture, the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture and the Fourth Supplemental Indenture and are not obligations of the School District, the State of California, or any public agency thereof (other than the District).

2. The Indenture, the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture and the Fourth Supplemental Indenture have been duly and validly authorized, executed and delivered by, and constitute valid and binding obligations of, the District.

3. Interest on the Series 2012 Bonds (including any original issue discount properly allocable to the owner thereof) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and is exempt from State of California personal income taxes. Interest on the Series 2012 Bonds is not an item of tax preference for purposes of calculating the federal alterative minimum tax imposed on individuals and corporations; however, it should be noted that, with respect to corporations, such interest will be included as an adjustment in the calculation of alternative minimum taxable income, which may affect the alternative minimum tax liability of corporations. We express no opinion regarding other tax consequences related to the Series 2012 Bonds or to the accrual or receipt of the interest on the Series 2012 Bonds.

The difference between the issue price of a Series 2012 Bond (the first price at which a substantial amount of the Series 2012 Bonds of the same maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Series 2012 Bond constitutes original issue discount, and the amount of original issue discount that accrues to the owner of any Series 2012 Bond is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is exempt from State of California personal income tax.

Although interest on the Series 2012 Bonds is excluded from gross income for purposes of federal income taxation, the accrual or receipt of interest on the Series 2012 Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these tax consequences will depend on the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences.

The opinions expressed herein may be affected by actions which may be taken (or not taken) or events which may occur (or not occur) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or occur or are not taken or do not occur.

We express no opinion as to any matter other than as expressly set forth above.

Respectfully Submitted,

BEST BEST & KRIEGER LLP

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APPENDIX H

BOOK-ENTRY SYSTEM

The following description of the procedures and record keeping with respect to beneficial ownership interests in the 2012 Bonds, payment of principal of and interest on the 2012 Bonds to Direct Participants, Indirect Participants or Beneficial Owners (as such terms are defined below) of the 2012 Bonds, confirmation and transfer of beneficial ownership interests in the 2012 Bonds and other bond-related transactions by and between DTC, Direct Participants, Indirect Participants and Beneficial Owners of the 2012 Bonds is based solely on information furnished by DTC to the School District which the School District believes to be reliable, but the School District, the Community Facilities District and the Underwriter do not and cannot make any independent representations concerning these matters and do not take responsibility for the accuracy or completeness thereof. Neither the DTC, Direct Participants, Indirect Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the 2012 Bonds. The 2012 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2012 Bond will be issued for each maturity of the 2012 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information on such website is not incorporated herein by such reference or otherwise.

Purchases of 2012 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2012 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2012 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2012 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2012 Bonds, except in the event that use of the book-entry system for the 2012 Bonds is discontinued.

To facilitate subsequent transfers, all 2012 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the 2012 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2012 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2012 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2012 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2012 Bonds, such tenders, defaults, and proposed amendments to the 2012 Bonds documents. For example, Beneficial Owners of the 2012 Bonds may wish to ascertain that the nominee holding the 2012 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Fiscal Agent and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the 2012 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the School District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2012 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the 2012 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the School District or the Fiscal Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Fiscal Agent or the School District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption price and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the School District or the Fiscal Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2012 Bonds at any time by giving reasonable notice to the School District or the Fiscal Agent. Under such circumstances, in the event that a successor depository is not obtained, the 2012 Bond certificates are required to be printed and delivered.

The School District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, the 2012 Bond certificates will be printed and delivered to DTC.

The information in this Section concerning DTC and DTC's book-entry system has been obtained from sources that the School District believes to be reliable, but the School District takes no responsibility for the accuracy thereof.

Discontinuance of DTC Services

In the event that (a) DTC determines not to continue to act as securities depository for the 2012 Bonds, or (b) the School District determines that DTC shall no longer act and delivers a written certificate to the Fiscal Agent to that effect, then the School District will discontinue the Book-Entry System with DTC for the 2012 Bonds. If the School District determines to replace DTC with another qualified securities depository, the School District will prepare or direct the preparation of a new single separate, fully-registered 2012 Bond for each maturity of the 2012 Bonds registered in the name of such successor or substitute securities depository as are not inconsistent with the terms of the Indenture. If the School District fails to identify another qualified securities depository to replace the incumbent securities depository for the 2012 Bonds, then the 2012 Bonds shall no longer be restricted to being registered in the 2012 Bond registration books in the name of the incumbent securities depository or its nominee, but shall be registered in whatever name or names the incumbent securities depository or its nominee transferring or exchanging the 2012 Bonds shall designate.

In the event that the Book-Entry System is discontinued, the following provisions would also apply: (i) the 2012 Bonds will be made available in physical form, (ii) principal of, and redemption premiums if any, on the 2012 Bonds will be payable upon surrender thereof at the trust office of the Fiscal Agent identified in the Indenture, and (iii) the 2012 Bonds will be transferable and exchangeable as provided in the Indenture.

The School District and the Fiscal Agent do not have any responsibility or obligation to DTC Participants, to the persons for whom they act as nominees, to Beneficial Owners, or to any other person who is not shown on the registration books as being an owner of the 2012 Bonds, with respect to (i) the accuracy of any records maintained by DTC or any DTC Participants; (ii) the payment by DTC or any DTC Participant of any amount in respect of the principal of, redemption price of or interest on the 2012 Bonds; (iii) the delivery of any notice which is permitted or required to be given to registered owners under the Indenture; (iv) the selection by DTC or any DTC Participant of any person to receive payment in the event of a partial redemption of the 2012 Bonds; (v) any consent given or other action taken by DTC as registered owner; or (vi) any other matter arising with respect to the 2012 Bonds or the Indenture. The School District and the Fiscal Agent cannot and do not give any assurances that DTC, DTC Participants or others will distribute payments of principal of or interest on the 2012 Bonds paid to DTC or its nominee, as the registered owner, or any notices to the Beneficial Owners or that they will do so on a timely basis or will serve and act in a manner described in this Official Statement. The School District and the Fiscal Agent are not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a Beneficial Owner in respect to the 2012 Bonds or any error or delay relating thereto.

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APPENDIX I

BOUNDARY MAP OF THE COMMUNITY FACILITIES DISTRICT

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SHEET 1 OF 1

PROPOSED BOUNDARIES OF
POWAY UNIFIED SCHOOL DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 6
(4S Ranch)
SAN DIEGO COUNTY
STATE OF CALIFORNIA

(1) Filed in the office of the Secretary to the Board of Education this 17th day of February, 1998.

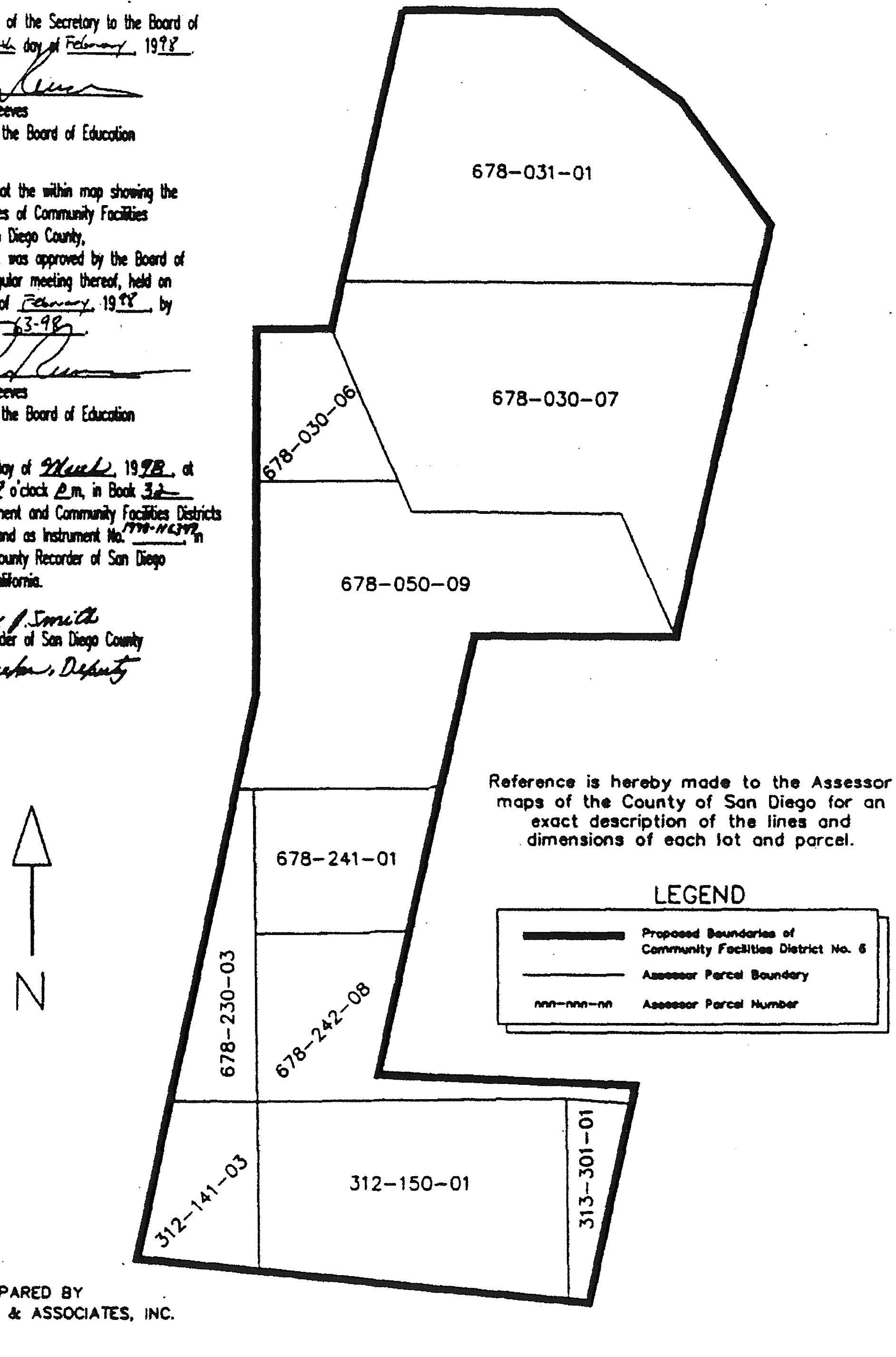
Dr. Robert Reeves
Secretary of the Board of Education

(2) I hereby certify that the within map showing the proposed boundaries of Community Facilities District No. 6, San Diego County, State of California, was approved by the Board of Education at a regular meeting thereof, held on this 17th day of February, 1998, by its Resolution No. 63-98.

Dr. Robert Reeves
Secretary of the Board of Education

(3) Filed this 4th day of March, 1998, at the hour of 1:07 o'clock p.m., in Book 32 of Maps of Assessment and Community Facilities Districts at page 12 and as Instrument No. 1998-116399 in the office of the County Recorder of San Diego County, State of California.

Gregory J. Smith
County Recorder of San Diego County
Therese Sheehan, Deputy



PREPARED BY
DAVID TAUSSIG & ASSOCIATES, INC.

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